

# AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS FOR 2016

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## HEARINGS

BEFORE A  
SUBCOMMITTEE OF THE  
COMMITTEE ON APPROPRIATIONS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED FOURTEENTH CONGRESS  
FIRST SESSION

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

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**AGRICULTURE, RURAL DEVELOPMENT, FOOD  
AND DRUG ADMINISTRATION, AND RE-  
LATED AGENCIES APPROPRIATIONS FOR  
2016**

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WEDNESDAY, FEBRUARY 25, 2015.

**DEPARTMENT OF AGRICULTURE—OFFICE OF THE  
SECRETARY**

**WITNESSES**

**HON. THOMAS VILSACK, SECRETARY, DEPARTMENT OF AGRICULTURE  
DR. ROBERT JOHANSSON, CHIEF ECONOMIST, DEPARTMENT OF AGRICULTURE  
MICHAEL YOUNG, BUDGET OFFICER, DEPARTMENT OF AGRICULTURE**

**INTRODUCTION OF WITNESSES**

Mr. ADERHOLT. Good morning. It is good to welcome everybody to the subcommittee hearing this morning. I think we have several subcommittee hearings that are going on at the same time. So there may be members that will be going back and forth from different subcommittees.

I know we have the Secretary of Health and Human Services just next door. That is going on so if you see people leaving, it is probably not something you said, but rather just because of schedules.

I want to welcome all of you to today's hearing. Our primary goal this morning is to examine the Department of Agriculture's fiscal year 2016 budget, while also reviewing the funds used past and present.

Our witnesses for this morning is the Secretary of Agriculture, the Honorable Tom Vilsack. He is joined by Acting Chief Economist, Robert Johansson, and USDA's Budget Director, Mr. Mike Young. Welcome to each of you.

**OPENING STATEMENT—MR. ADERHOLT**

Before I begin, Mr. Secretary, I do want to commend you and your team for your timely implementation of the 2014 Farm Bill programs to date. You had quite a few programs to implement, and you seem to have stayed on schedule, and again, I congratulate you on that.

As I have mentioned in previous hearings, we have three goals in this Subcommittee as we move through the fiscal year 2016 appropriations process. The first goal is improving the management of the agencies and programs within our purview. Continue to

build upon oversight efforts in previous years. The goal is enhanced accountability in spending of taxpayer dollars to improve agency governance, processes and internal controls; and ensuring transparent decision making.

Specific to USDA, the agency has authorized and has regulations in place to properly oversee various efforts under its jurisdiction, from nutrition to farm programs, to conservation operations.

USDA needs to utilize their oversight capabilities in all areas to better ensure resources are spent wisely. USDA must also tighten controls for areas subject to large expenditures with unclear results and where performance tasks or milestones are not met, such as information technology investments.

Inspector General Fong testified before this Subcommittee about two weeks ago. In her testimony, she says that USDA has challenges with overseeing information technology security and performance and agrees that the agency needs to strengthen its internal control.

Moreover, between fiscal year 2009 and fiscal year 2013, the Inspector General made 55 recommendations for improving the overall security of USDA systems, but the agreed upon corrective action has been implemented for only 21 of these recommendations.

The second goal before us is to target funds to the most important programs and functions. There is a wide range of programs in our bill, and I want to be sure that we make wise decisions in allocating the funding. We should continue to invest in programs that prove effective and have broad support, such as WIC, Research and Rural Development Programs.

We should also support programs that have a clear and distinct reason for funding, for using Federal funding, such as addressing emerging agricultural pests and disease threats that are across the Nation.

In addition to funding these programs, we must reduce or eliminate funding for lower priorities and those programs that are less effective or may be duplicative.

The third goal is to promote U.S. agricultural free and fair markets. The safe food and medicines is a good example. The United States has one of the most highly productive food agricultural sectors in the world, and the U.S. Government plays a unique role in ensuring the sector's vitality.

For instance, we support a vibrant rural economy by investing in infrastructure, such as water and waste and housing programs. We set the ground rules to ensure efficient trading of agricultural commodities, and we promote a free and fair international trade regime that allows U.S. commodities and products to be sold around the world.

USDA has proposed substantial changes to the programs that support these efforts, and we will need to carefully evaluate them to ensure that we continue programs and not undermine these areas.

Agricultural exports play a crucial role in the U.S. economy, supporting more than one million jobs and record levels of exports for our farmers and our ranchers valued at \$152 billion in fiscal year 2014 alone. We need to be mindful of the intricate trade system if

we are to remain a reputable trading partner, acting quickly to resolve issues on the rail lines and at ports of entry.

USDA's budget request includes increases for discretionary and mandatory programs that appear to disregard the debt crisis facing our Nation. The agency is again proposing to establish new programs in offices using scarce discretionary resources.

The justification of these actions is lacking robust data to support the request, hindering this Subcommittee's ability to adequately evaluate their merit. Data such as a clearly identified need for these additional programs or offices, the total estimated cost for the efforts, and the anticipated results for intended outcomes are not provided.

The issue becomes more complex as these increases are offset by questionable decrease, such as large reductions attributed to operating efficiencies.

The savings are justified by a few nebulous sentences that cite decreased travel, fuel and printing costs that will yield large savings. However, these savings have been claimed by the agency in previous years and have been claimed by the agency, but they are not likely to produce amounts suggested that they would save in the budget request. These are programs within USDA's request that remain a priority.

USDA is requesting increased resources to assist with implementation of the Food Safety Modernization Act. The Food and Drug Administration is also requesting additional funding for this purpose. Nevertheless, the subcommittee and the American public need assurance that the agencies are coordinating efforts and pursuing effective means for the implementation.

I want to ensure proper implementation of the Act and hope that we can discuss this in more detail during our question period.

In looking at the mandatory programs USDA is proposing to reinvest savings into new and improved efforts. While these efforts are well intended, evidence is not provided that demonstrates current efforts are effective in assisting the beneficiaries that the resources for new efforts will result in better services for the customers.

Therefore, I am still a little hesitant to reinvest the savings into these efforts. I am especially concerned about the major changes proposed to the Crop Insurance Program. Farmers have endured an estimated 43 percent decline in net farm income over the last two years. They are experiencing tough economic times with sharply lower crop prices and a number of natural disasters. There are a number of uncertain economic factors in the future.

Yet USDA is proposing to reduce crop insurance by \$16 billion, which is a reduction of over 17 percent, and make it increasingly difficult for them to secure funding.

I join with my fellow colleague, the chairman of the authorizing Committee on Agriculture, Mike Conaway, in the question that we not adversely change the rules of the Farm Bill, and I certainly do not want to do so through the appropriations process.

The Ryan-Murray budget deal signed into law back in 2013 caps overall spending as well as defense and non-defense spending. I anticipate that the subcommittee's funding levels will remain rel-

atively flat at best. USDA's budget request largely exceeds the 2015 enacted funding levels.

Today and in the months ahead as we proceed on, we must analyze the request and focus on allocating the funding using the goals that I have outlined to the most effective, highest priority programs that are available.

Ms. Pingree, the Ranking Member is not here. Would you like to make any opening comments?

OPENING STATEMENT—MS. PINGREE

Ms. PINGREE. Thank you, Mr. Chair.

I do not have any comments prepared, but I will just welcome the Secretary. Thank you for the work that you do. I, too, am looking forward to the hearing and looking forward to figuring out how the President's budget and what are likely to be the budget numbers from this Committee come together and where your priorities will be.

And I will just make a short personal note. At this hearing last year, which was my first term on this particular committee, I asked you about the Senior Farmers' Market Nutrition Program, which in my State is called the Maine FarmShare Program, and whether that would be funded for the 2014 growing season, and I just want to thank you because that afternoon you gave us an answer, and that was wonderful work on your part, and that was an important program for the seniors in our State in dealing with some of the hunger challenges they have in making sure they get fresh food. So I will just start with a little thank you for that and your quick work last year, and I look forward to everything being solved this afternoon from today's hearing as well.

So thank you very much.

Mr. ADERHOLT. Thank you, Ms. Pingree.

Secretary Vilsack, without objection your entire written testimony will be included in the record, and I will now recognize you for your statement and then we will proceed with the questions.

So, again, welcome. Secretary Vilsack.

OPENING STATEMENT—SECRETARY VILSACK

Secretary VILSACK. Thank you very much, Mr. Chairman. I certainly appreciate the opportunity to be here today.

I would be remiss if I did not acknowledge the absence of one of the members of this Committee for quite some time, Congressman Nunnelee. Our thoughts and prayers continue to go with him and his family and this Committee for his loss.

Mr. Chairman, a budget is an expression of values. It is also a roadmap for a better future. The budget presented to you today is a budget that is based on middle class economics in which we believe we are expanding a family's ability to meet basic needs, while at the same time creating opportunity through investment and infrastructure innovation. The President's budget overall reflects the damage that has been done in the past by a policy of sequester that has been damaging both to defense and non-defense investment and interests.

This budget is also based on a reality in rural America which is that, indeed, agriculture is critically important to the future of the rural economy and of America. It has a \$775 billion impact on the American economy. One out of every 12 jobs is connected in some way, shape or form to agriculture, but we have an aging producer population that needs to be addressed.

It also reflects the reality of persistent poverty, especially impacting children. Ninety-five percent of the counties with highest poverty rates in this country are located in rural America. So let me take a few minutes to reflect on the importance of American agriculture, the need for expanding a family's ability to meet basic needs, and the investments in innovation and infrastructure.

This budget contains enough resources to fund 42,964 operating and ownership loans to farmers, 23,000 of which will be extended to beginning farmers. It provides access to credit. It will promote financial literacy and business planning among new and beginning farmers, and it will provide further awareness and greater awareness of USDA programs and resources for our farm families.

It provides for \$8.2 billion in crop insurance, which will help assist us in protecting the value of a \$110 billion crop. It promotes trade as the Chairman rightly indicates, something that is extraordinarily important to American agriculture, helping us to knock down barriers that exist to the record exports that we have experienced over the last five years.

It will provide additional resources in adequate resources for the Animal and Plant Health Inspection Service (APHIS) to, indeed, protect the livestock industry, which is a \$191 billion industry, and it will also provide funding for 20 million additional acres to our record enrolled Conservation Programs. It will also provide \$200 million in watershed protection and flood prevention.

So it does reflect the importance of American agriculture to the economy. It also provides assistance and help for beginning farmers.

On expanding a family's ability to meet basic needs, this budget provides additional support for the Supplemental Nutrition Assistance Program (SNAP), focused on our efforts to improve employment and training efforts to put able bodied people to work. At the same time, the fact that senior citizens are not accessing this program as effectively as they should, we want to pay a little attention to our senior citizens in terms of access to the SNAP Program.

Six, point, six billion dollars for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) funding will serve 8.5 million women, infants, and children. I note that 53 percent of all newborns in this country currently participate in WIC.

Over \$26 billion in loans and other assistance which will provide rental assistance for over a quarter of a million low income families whose income is roughly somewhere between \$10,000 and \$11,000 a year annually. It will also provide financing for 171,000 single family homes. It will expand summer feeding, will continue to focus on the 23.5 million Americans who live more than a mile from a grocery store by providing money for the Healthy Food Financing effort, and obviously continued support for our School Nutrition Programs with a focus on expanding school breakfast and ensuring that community eligibility is available.

In terms of investment in innovation, we will continue to focus on job growth. This budget provides assistance for 32,000 jobs. Community infrastructure is supported. Twenty-four broadband projects, 1,300 waste water sewage projects, roughly 400 electric projects, and over 2,500 community facilities can be financed through this budget.

On the research side let me just point out that we are proud of the 758 patent applications that have occurred as a result of USDA research since 2009, and the 398 new plant varieties that have been identified by our scientists. This budget provided additional resources and adequate resources for the 800 research projects that are ongoing at Agricultural Research Service (ARS) facilities, as well as adequate resources for our National Institute of Food and Agriculture (NIFA), with an emphasis on new opportunities for antimicrobial resistance and pollinators.

I shared with you, Mr. Chairman, the importance of our two institutes that we are proposing in nanotechnology and biomanufacturing and hope that the questions allow us to amplify on that a bit today.

On poverty, and I will just quickly finish with this, one in four American children live in poverty in rural areas. In the Deep South it could be as high as one in three. It is the highest rate of child poverty since 1986, and that is why we have included resources in this budget to develop new approaches and better coordinated efforts within the Federal Government focused on child poverty.

This budget does contain reforms, and I would simply point out in conclusion that this budget is still below the fiscal year 2010 budget that was approved by a previous committee. So we are in the process of going on six years with no additional resources, but we have found ways within the existing resources to save through our administrative services process and our Blueprint for Stronger Services that has identified \$1.4 billion in savings, and I am happy to go into greater detail. It is far more extensive than travel and the items that you listed.

So with that, Mr. Chairman, I am happy to try to answer and respond to questions.

[The statement of Secretary Vilsack follows:]

**Statement by  
Thomas J. Vilsack  
Secretary of Agriculture  
Before the Subcommittee on Agriculture, Rural Development,  
Food and Drug Administration, and Related Agencies  
Committee on Appropriations, U.S. House of Representatives  
February 25, 2015**

Mr. Chairman and distinguished members of this Subcommittee, I appreciate the opportunity to appear before you to discuss the Administration's priorities for the Department of Agriculture (USDA) and provide you an overview of the President's 2016 budget. Joining me today are Robert Johansson, USDA's Acting Chief Economist, and Michael Young, USDA's Budget Officer.

The President's budget strengthens the middle class and helps America's hard-working families get ahead in a time of relentless economic and technological change. Investments made by USDA work together to support the most productive agricultural sector in the world, attract and retain a talented labor force, improve connectivity and access to information in rural communities, move more American-grown products to market, and make rural communities places where businesses—farm and non-farm alike—want to innovate, grow, and create more good paying jobs. These investments reward hard work, generate rising incomes, and allow everyone to share in the prosperity of a growing America.

In the past six years, USDA assisted more than 900,000 rural families to buy or refinance a home, helping 146,000 rural Americans become homeowners in fiscal year (FY) 2014 alone. Since 2009, we have invested a total of \$48.3 billion in new or improved infrastructure in rural areas, which helped 15.7 million rural residents get access to clean drinking water and better waste water disposal. Modernized electrical service was delivered to more than 5.5 million subscribers. More than 21,000 grants and loans helped approximately 89,000 rural small businesses grow, creating or saving an estimated 418,000 jobs between FY's 2009 and 2014.

We have also continued our StrikeForce Initiative, which represents a broad commitment to increase investments in poverty-stricken rural communities through intensive outreach and stronger partnerships with community organizations. Since the inception of StrikeForce in 2010, USDA has partnered with almost 500 community and faith-based organizations, businesses, foundations, universities and other groups to support 109,000 projects with almost \$14 billion in

investments in rural America. We are providing a pathway to success and expanding the middle class.

Critical to our efforts is the 2014 Farm Bill, which enhanced the array of authorities and resources to improve agricultural productivity, to strengthen the foundation for helping rural communities prosper, to enhance the resiliency of forests and private working lands, and to ensure access to a safe, diverse and nutritious food supply. Farmers, ranchers and those working in supporting industries maintain an agriculture sector that has seen strong growth over the past six years. Agriculture and agriculture-related industries account for about \$775.8 billion in economic activity, support one out of every 11 jobs in the economy, and help to maintain vibrant, thriving rural communities.

The Department has completed implementation of many new Farm Bill authorities. This includes major new safety net programs providing certainty to American agricultural producers going into the 2015 crop year. We have made available nearly \$4.6 billion in critical assistance to producers across the country since sign-up for the disaster programs began on April 15, 2014. Significant new crop insurance protections were also made available. America's new and beginning farmers and ranchers, veteran farmers and ranchers, and women and minority farmers and ranchers were given improved access to credit.

In FY 2014, exports of U.S. food and agricultural products set a new record, reaching \$152.5 billion and supporting nearly one million jobs here at home. Agricultural exports have climbed more than 58 percent in value since 2009, totaling \$771.7 billion over the past five years. Agricultural exports have increased in volume, demonstrating an increasing global appetite for American-grown products. Between 2009 and 2014, more than 6,000 U.S. companies participating in USDA-endorsed trade shows reported total on-site sales of more than \$1.3 billion and more than \$7.2 billion in 12-month projected sales. Rural exports support farm income, which translates into more economic activity in rural areas. In 2012, each dollar of agricultural exports stimulated another \$1.27 in business activity. As requested by the President, we need trade promotion authority to protect our workers, protect our environment, and open new markets to products stamped "Made in the USA."

USDA is also helping producers tap into growing consumer demand for locally-grown and organic food. USDA data indicate that local food sales totaled at least \$6.1 billion in 2012. Demand for organic food products also continues to grow and this sector now accounts for \$35

billion in annual U.S. sales. In 2013, the National Organic Program helped an additional 763 producers become certified organic, an increase of 4.2 percent from the previous year.

USDA's investments support strong local and regional supply chains and the rural jobs that come with them. Since 2013, USDA has made over 875 investments in local food infrastructure and direct marketing opportunities to help connect farmers and consumers and create jobs all along the supply chain for local food. In addition, USDA has made expanding SNAP recipients' access to fresh fruits and vegetables through farmers markets a priority in recent years. In 2008, about 750 farmers markets and direct marketing farmers accepted SNAP. As of January 2015, over 5,300 participated in markets accepting SNAP.

USDA continues to work with land-grant Universities to deliver science-based knowledge and practical information to farmers, ranchers and forest landowners to support decision-making, innovation and economic opportunity. USDA leverages its research by making data more widely available. In 2014, 60 new cooperative research and development agreements were executed, 119 patent applications were filed, 83 patents were received, and 412 income-bearing license agreements were in effect. As authorized by the Farm Bill, USDA created the \$200 million Foundation for Food and Agriculture Research, which will advance the research mission of the Department and foster collaboration with public and private research efforts.

Advances in biotechnology require thorough review by USDA before being approved, a practice commonly called deregulation. USDA needs to complete its review in a timely manner to facilitate planning and adoption of new technologies. To address this need, in 2012, USDA streamlined and improved the process for making determinations on petitions involving biotechnology. Because of the enhancements, we reduced the length of the petition review by over 600 days for petitions that do not require an environmental impact statement (EIS). USDA estimates that the cumulative number of actions taken to deregulate biotechnology products based on a scientific determination that they do not pose a plant pest risk will increase from a cumulative total of 87 actions in 2011 to an estimated cumulative total of 119 actions in 2016.

USDA's conservation efforts have enrolled a record number of acres in programs that have saved millions of tons of soil, improved water quality, preserved habitat for wildlife and protected sensitive ecological areas. To accomplish these goals, USDA has expanded beyond its traditional conservation programs and partnered with a record number of farmers, ranchers and landowners on landscape-scale conservation projects since 2009. As an example, under the

newly authorized Regional Conservation Partnership Program (RCPP), USDA funded 115 projects that will build on the results achieved by USDA's traditional programs. RCPP empowers communities to set priorities and lead the way on conservation efforts important for their region. Such partnerships also encourage private sector investment so we can make an impact that's well beyond what the Federal government could accomplish on its own.

USDA continues to lead the way for renewable energy by supporting the infrastructure needed to grow the new energy economy. In 2014, more than 500 new awards under the Rural Energy for America Program helped USDA to reach a milestone of adding more than 8,000 projects between 2009 and 2014. Currently, REAP funds a total of 10,800 projects around the country to help producers and rural businesses save energy and increase their profitability. To support farmers producing biomass for renewable energy, USDA offered insurance coverage for farmers growing biofuel crops like switchgrass and camelina, and we are helping identify American farmland most suitable for growing energy crops. Under expanded authority provided by the 2014 Farm Bill, we are working to expand the number of commercial biorefineries in operation that produce advanced biofuels from non-food sources through the Biorefinery Assistance Program. We also took new steps to support biobased product manufacturing that promises to create new jobs across rural America—including adding new categories of qualified biobased products for Federal procurement and establishing reporting by Federal contractors of biobased product purchases.

Combating foodborne illness is one of our top priorities. In 2013, the Food Safety and Inspection Service (FSIS) developed the Salmonella Action Plan that outlines the measures FSIS will employ to achieve lower contamination rates in agency regulated products. The Plan includes strategies, such as the newly developed performance standards for ground poultry and chicken parts that will reduce illnesses. In addition, the recently implemented poultry inspection system will prevent an additional 5,000 foodborne illnesses each year through the improved control of Salmonella and Campylobacter.

The Administration strongly supports the Supplemental Nutrition Assistance Program (SNAP) and other critical programs that reduce hunger and help families meet their nutritional needs. SNAP is the cornerstone of the Nation's nutrition assistance safety net, touching the lives of millions of low-income Americans, the majority of whom are children, the elderly, or people with disabilities. SNAP kept over 5 million people, including nearly 2.2 million children, out of

poverty in 2013. Recent research has shown that SNAP not only helps families put food on the table, but it has a positive long-term impact on children's health and education outcomes. We also support the ongoing implementation of the Healthy, Hunger-Free Kids Act. Over 90 percent of schools report that they are successfully meeting the new nutrition standards, serving meals with more whole grains, fruits, vegetables, lean protein and low-fat dairy, and less sodium and fat.

We must continue our efforts to address the challenges that continue to confront rural America. The 2016 budget builds on our success and proposes a set of investments to spur innovation, create new markets and job opportunities, enhance climate resiliency, improve access to a safe, nutritious food supply, and modernize infrastructure.

USDA's total budget for 2016 we are proposing before this Subcommittee is \$144 billion, of which approximately \$124 billion is mandatory funding. The majority of these funds support crop insurance, nutrition assistance programs, farm commodity and trade programs and a number of conservation programs. The budget includes mandatory funds to fully support estimated participation levels for the Supplemental Nutrition Assistance Program (SNAP) and Child Nutrition programs. For discretionary programs of interest to this Subcommittee, our budget proposes \$20 billion, approximately \$908.5 million above the 2015 enacted level. That level fully funds expected participation in the Special Supplemental Nutrition Program for Women, Infants, and Children. It includes the funding needed to meet our responsibility for providing inspection services to the Nation's meat and poultry establishments. The budget also includes over \$1 billion to renew approximately 255,000 expiring contracts for rental assistance and includes new authorities to ensure the long term sustainability of this program.

Agriculture is an engine of growth and prosperity, directly or indirectly supporting 16 million jobs. The 2016 budget provides a strong farm safety net and makes investments to meet challenges of a competitive global market, changing climate, and making agriculture a reality for new and beginning farmers. The budget proposes a loan level of about \$6.145 billion for direct and guaranteed farm ownership and operating loans, 85 percent of which will be made to beginning farmers and ranchers and socially disadvantaged producers. The budget also includes about \$4 million to help new and beginning farmers and ranchers overcome the barriers they face when entering agriculture. In addition to providing funding to establish a Military Veterans Agricultural Liaison as authorized by the 2014 Farm Bill, the budget also establishes a

\$2.5 million program to help veterans develop farming and ranching skills needed to become producers.

The rural economy will be even stronger because of the investments in rural infrastructure made by USDA. We will make over \$1 billion in investments in rural businesses estimated to provide approximately 32,000 jobs in rural areas. Over \$2.2 billion targeted to community facilities will expand educational opportunities for students, facilitate delivery of affordable health care, and ensure the availability of reliable emergency services. Funding for broadband is more than doubled. Through a pilot called Rural Corps, USDA will work in partnership with local organizations to deploy highly trained staff and increase the likelihood that investments in infrastructure and economic development are strategic, creating jobs and long-term economic benefits. In 2016, USDA will provide over 170,000 rural residents the assistance needed to become homeowners by making available nearly \$25 billion in loans to increase housing opportunities in rural area. Approximately \$900 million in direct loans will ensure that the very-low and low-income borrowers with the ability to repay mortgage debt are provided with a vehicle to access mortgage financing for homes located in rural areas.

Despite these investments, 85 percent of America's persistent poverty counties are in rural areas and rural childhood poverty rates are at their highest point since 1986. To address this need, \$20 million is provided for a Rural Child Poverty initiative, which would support innovative strategies to combat rural child poverty through a demonstration program. Additionally, funding is more than doubled for the Community Facilities Grant Program, which enables USDA to support investments in high-need areas and also leverage partnerships aimed at reducing child poverty, such as co-locating healthcare, nutrition assistance, and job-training programs. In both cases, this funding will be used in rural areas experiencing severe economic distress, such as StrikeForce, Promise Zones, and Tribal areas.

Access to a plentiful supply of safe and nutritious food is essential to the well-being and productivity of all Americans. As many as 200,000 families with children could benefit each year, beginning in the summer of 2016, from the proposed expansion of summer EBT demonstration projects, including \$67 million to support the second year of the Summer Electronic Benefit Transfer (EBT) pilot to reduce food insecurity among urban and rural children during the summer months when school meals are not available. The budget also includes \$35 million in school equipment grants to aid schools in serving healthy meals and provides

continued support for other school-based resources. The budget proposes an additional \$25 million to bolster SNAP Employment and Training programs, which will allow some of our nation's poorest individuals to work toward self-sufficiency and continue to receive critical food assistance while doing so. Nationwide, USDA estimates that 23.5 million people, including 6.5 million children, live in low-income areas without easy access to a supermarket. To expand access to nutritious foods, the budget invests \$13 million in a newly authorized Healthy Food Financing Initiative that will provide funding for developing and equipping grocery stores and other small businesses and retailers selling healthy food in communities that currently lack these options. Americans will be better protected from foodborne illness with nearly 23,000 fewer illnesses projected in 2016 from 2014 as a result of improved food inspection.

Food for Progress and the McGovern-Dole International Food for Education and Child Nutrition Program will continue to provide benefits to millions of people overseas. These programs have helped to engage recipient countries not only by delivering food assistance, but also by fostering stronger internal production capacity and infrastructure, generating employment, boosting revenue, and developing new markets and productive economic partnerships. The budget provides \$20 million to support the local and regional procurement of food aid commodities for distribution overseas to complement existing food aid programs and to fill in nutritional gaps for targeted populations or food availability gaps caused by unexpected emergencies. Also, the budget proposes the authority to use up to 25 percent of Title II resources for these types of flexible emergency interventions that have proven to be so critical to effective responses in complex and logistically difficult emergencies.

USDA research plays a key role in fostering innovation and advancing technologies that increase the efficiency, sustainability, and profitability of American agriculture. Economic analysis finds strong and consistent evidence that investment in agricultural research has yielded high returns per dollar spent. The budget includes an increase of \$125 million for the Agriculture and Food Research Initiative. Funding for USDA's role in Federal efforts combatting anti-microbial resistant bacteria and improving pollinator health totals \$77 million and \$79 million, respectively. As part of the Administration's multi-agency initiative to support continued investment and innovation in the manufacturing sector, the budget also includes \$80 million to support two new Federal-private manufacturing institutes, with one dedicated to advanced biomanufacturing, while the other will focus on development of nanocellulose. Investments to

upgrade the Department's aging laboratory infrastructure include \$206 million to fully fund five priority construction and renovation needs, as identified in the Congressionally-mandated report issued by the Department in 2012.

To enhance resilience to climatic events, the budget provides \$200 million for the Watershed and Flood Preventions Operations (WFPO) to help communities adapt to changing natural resource conditions and climate change, and to minimize the impacts of natural disasters, including coastal flooding. USDA will utilize the broad authorities of WFPO to help communities create more resilient infrastructure and natural systems.

To protect the integrity of the programs we administer, we continue to work aggressively to identify and eliminate waste, fraud, and abuse. Program integrity is critical to the overall success of the programs we administer and funds must be used properly to earn America's trust that these programs deliver results while protecting taxpayer dollars. The budget builds on existing efforts and provides strategic increases, including an increase of \$14.5 million to automate and streamline reporting, increase operational efficiency, reduce improper payments, and otherwise enhance program integrity for Child Nutrition Programs. The budget requests an additional \$4 million to ensure that States are meeting the highest standards of program integrity in administering SNAP. The budget also includes \$2.1 million for the Risk Management Agency to enhance regulatory compliance, with a focus on improving error rate sampling for improper payments.

While providing record levels of service to rural America, USDA has improved management operations. Through the Blueprint for Stronger Service, USDA has taken proactive steps in recent years to reduce spending, streamline operations and cut costs. Our savings and cost avoidance results for the American taxpayer through the end of FY 2014 were recently revised upward to \$1.368 billion from the previous \$1.197 billion figure reported in January 2014. I appreciate the Subcommittee's approval of authority allowing the Department to establish a nonrecurring expense fund for facilities infrastructure capital acquisition. This fund will provide much needed resources in future years for USDA's infrastructure modernization.

The President is again asking Congress for authority to submit fast-track proposals to reorganize or consolidate Federal programs and agencies to reduce the size of Government or cut costs. Granted the authority, the Administration is proposing to consolidate the FSIS and the food safety components of the Food and Drug Administration to create a single new agency

within the Department of Health and Human Services. The President also proposes the consolidation of certain business programs in a new department dedicated to promoting U.S. competitiveness and exports.

The Farm Bill included several reforms to the Federal crop insurance program; however, there remain further opportunities for improvements and efficiencies. The President's 2016 budget includes two proposals to reform crop insurance, which are expected to save \$16 billion over 10 years. This includes reducing subsidies for revenue insurance that insure the price at the time of harvest by 10 percentage points and reforming prevented planting coverage, including adjustments to payment rates. These reforms will make the program less costly to the taxpayer while still maintaining a quality safety net for farmers.

I believe that the future is bright for America and in particular for rural Americans. The investments we make today are having an impact and creating a future full of opportunity. The budget presented to you will achieve the President's vision for the middle class by restoring the link between hard work and opportunity and ensure that every American has the chance to share in the benefits of economic growth. At this time, I will be glad to answer questions you may have on our budget proposals.

## DIETARY GUIDELINES FOR AMERICANS

Mr. ADERHOLT. Okay. Let me begin by just talking about something recently that has come up with the dietary guidelines for Americans. I appreciate your recent comments that you have spent time reviewing the law establishing the dietary guidelines for Americans, and you have concluded that you and Secretary Burwell have a narrow mandate in issuing the following guidelines.

You did acknowledge that the Advisory Committee had a greater latitude to opine about a variety of issues, but your function at USDA is to adhere to the statutory directive.

I guess my question that I would pose to you is: do American farmers and ranchers have assurance from you that the final report will include nutrient and dietary recommendations and not include environmental factors and other extraneous material?

Secretary VILSACK. Mr. Chairman, I fully expect and anticipate that I will work with my colleague in the Health and Human Services (HHS) to make sure that we follow the appropriate approach within the statutory guidelines and directions that we have received.

I understand we need to color inside the lines and do not have the luxury of coloring outside the lines.

Mr. ADERHOLT. I find it interesting that the Advisory Committee has found that cholesterol is not a nutrient of concern for over consumption even though previous dietary guidelines have recommended limiting cholesterol intake to more than 300 milligrams per day.

There are other such examples in recent past where the Advisory Committee completely changed its focus despite claims of sound science. The Advisory Committee also recommended a diet higher in plant base foods and lower in animal base foods as more health promoting, even though lean meat has been included as part of a healthy, balanced diet in previous dietary guidelines.

How are consumers supposed to feel confident about following dietary guidelines when the recommendations that are put forward contradict what was just put out there five years ago?

Secretary VILSACK. Mr. Chairman, I think it points out the fact that in many areas science is evolving, and science changes. The committee that formulated these recommendations is supposed to take a look at the most recent science and determine from a review of scientific literature and studies.

You know, part of the issue, I think, here is that we need to be focused on a broader range of research projects because if you have a narrow band of research projects that are conducted over a five-year period, most of what you are going to find out through this review is what basically has been written and published in the last five years. It is one of the reasons why, frankly, in the beef industry I am encouraging the beef industry to take a look at their check-off program and expand it because I think there is additional research that is required, and with additional research it may very well be that the science will continue to evolve.

It is also the reason why it is important for folks to understand that they do have a comment opportunity here. These recommendations are just that. They are not the guidelines, and it is important

for folks who feel differently, and I know that there are scientists who do feel differently about all of this, to weigh in with their comments so that we can take into consideration the breadth of opinions.

Mr. ADERHOLT. Back last November, Mr. Kingston and I wrote to you and Secretary Burwell concerning the scientific evidence used by the two departments to establish sodium recommendations.

You responded on January 23rd, and thank you for your response. I would move the original letter and response to be made part of the record.

[The information follows:]

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November 20, 2014

The Honorable Cynthia Burwell  
Secretary  
U.S. Department of Health and Human Services  
200 Independence Ave., SW  
Washington, DC 20201

The Honorable Tom Vilsack  
Secretary  
U.S. Department of Agriculture  
1400 Independence Ave, S.W.  
Washington, D.C. 20250

Dear Secretary Burwell and Secretary Vilsack:

We noted with some interest the September 9, 2014, CDC/USDA press conference where CDC outlined its report that found “high” levels of sodium consumption by U.S. children. The report noted that children consumed on average 3,279 mg/day of sodium and that 90 percent of children ages six to 18 years old eat too much sodium daily and one in six children has high blood pressure, suggesting a link between these two distinct findings. According to CDC, new school nutritional standards are projected to reduce sodium content of school meals by approximately 25 to 50 percent by 2022.

As we understand it, the new school nutritional standards target in 2022 is based upon a sodium consumption of 1,500 mg/day, and that such a target has been a longstanding target of CDC, FDA, and USDA.

We take this issue quite seriously given the current discussions over the 2015 Dietary Guidelines for Americans and the fact that the 1,500 mg/day school target is at odds with recent findings in the 2013 Institute of Medicine (IOM) Report funded by the CDC (Sodium Intake in Populations, May 2013) and two recent, unprecedented articles in the New England Journal of Medicine (NEJM) (Urinary Sodium and Potassium Excretion, Mortality and Cardiovascular Events, and Association of Urinary Sodium and Potassium Excretion with Blood Pressure, August 2014). The 2013 IOM report specifically stated

that it “found no evidence for benefit and some evidence suggesting risk of adverse health outcomes associated with sodium intake levels in ranges approximating 1,500 to 2,300 mg/day...” The essence of the NEJM articles was that for the vast majority of the population, a normal or usual sodium intake is in the 3,000-6,000 mg/day range. These reports documented that levels below or above that range lead to increased health risks. These findings validate the 2013 IOM Report’s conclusions and its concern regarding the validity of the current U.S. sodium intake guidelines being safe for the U.S. population, adults and children.

The Federal Government expends considerable resources promoting a very low salt diet. However, the articles referenced above seem to suggest that the current recommendation is at odds with the scientific data of what a healthful level of sodium consumption should be.

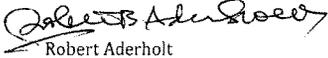
A review of the most recent scientific data is appropriate in order for your agencies to have the necessary information to make well-informed policy decisions on this issue. To that end, I would ask that you provide the following:

- A data-driven analysis of why the 2013 IOM report and the two recent NEJM reports and accompanying editorial do not apply in the context of both children and the overall population at large.
- An explanation of how the 2013 IOM report and two recent NEJM reports will be incorporated into the overall assessment of sodium level intake when forming the 2015 Dietary Guidelines. If such scientific based reports are not considered, or rejected, an explanation as to why.
- Analysis of any published research studies that counter the morbidity and mortality findings associated with reduced sodium intake that the recent NEJM studies documented.  
Such analysis would also need to rebut the 26 similar studies published prior to the recent NEJM papers (see list).
- Scientific data to justify why the current U.S. sodium guidelines, which are based on extrapolations of changes in blood pressure to estimate health benefits, is more relevant than studies where health outcomes and sodium intake have been measured in the same population.
- Any published studies that demonstrate adverse health outcomes in populations whose sodium consumption is in the 3,000 – 6,000 mg/day range.

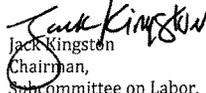
We are well aware of often-cited studies using computer modeling and assumptions to extrapolate health benefits, so we would ask that you send us only published data from clinical studies. Our focus is on direct scientific evidence rather than computer projections.

Please send your responses to the subcommittees by December 19, 2014.

Sincerely,



Robert Aderholt  
Chairman,  
Subcommittee on Agriculture,  
Rural Development, Food and Drug  
Administration and Related Agencies



Jack Kingston  
Chairman,  
Subcommittee on Labor,  
Health and Human Services, and  
Education and Related Agencies



United States Department of Agriculture

Office of the Secretary  
Washington, D.C. 20250

JAN 23 2015

The Honorable Robert B. Aderholt  
Chairman  
Subcommittee on Agriculture, Rural Development,  
Food and Drug Administration, and Related Agencies  
Committee on Appropriations  
U.S. House of Representatives  
2362A Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Aderholt:

Thank you for your letter of November 20, 2014, cosigned by Congressman Jack Kingston, to U.S. Department of Health and Human Services (HHS) Secretary Sylvia Burwell and me, outlining concerns about sodium consumption among children and highlighting the need for the new school nutritional standards for sodium to be implemented by 2022. I apologize for the delayed response.

The health of our nation's children is a top priority for the U.S. Department of Agriculture (USDA), and we fully understand the significance of the Dietary Guidelines for Americans (DGA) on impacting policies including school meal standards. Enclosed is a detailed response to your letter.

Secretary Burwell and I are both committed to upholding the integrity of the DGA and the recommendations' longstanding focus of preventing chronic, diet-related disease in the United States. The Dietary Guidelines Advisory Committee report, upon which the DGA are based, will be available February 2015 and include a comprehensive systematic review of the scientific literature on sodium.

We welcome your review of that scientific report. USDA will then work on all fronts with HHS to ensure that the 2015 Dietary Guidelines for Americans policy document reflects the best, strongest science and serves to advance our nation's health. A similar letter is being sent to Congressman Cole.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Vilsack".

Thomas J. Vilsack  
Secretary

Enclosure

**Enclosure**

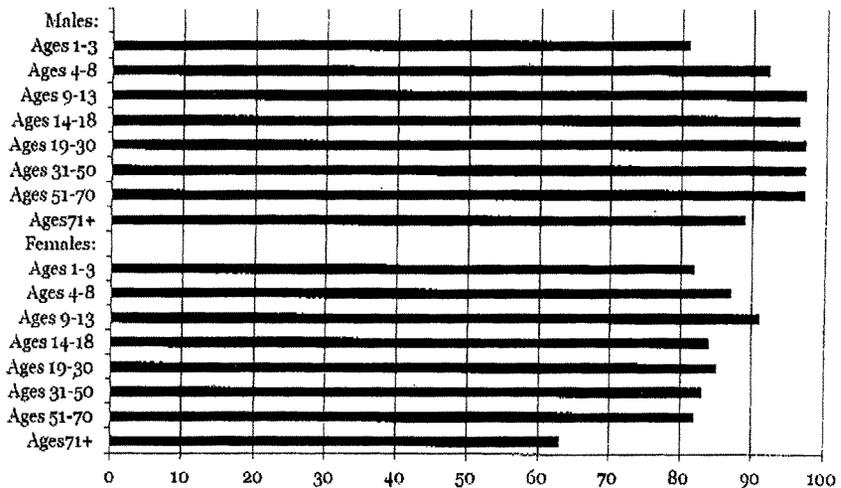
**Letter from Congressman Robert B. Aderholt and Congressman Jack Kingston  
Dated November 20, 2014**

The Dietary Guidelines for Americans (DGA) are based on the strongest evidence as determined by the Dietary Guidelines Advisory Committee's (DGAC) rigorous systematic review of the most robust and current science.

**About Sodium and the DGA**

The average current consumption of sodium among those ages 2 years and older is 3,463 mg/day. As noted in your letter, a recent Morbidity and Mortality Weekly Report from the Centers for Disease Control and Prevention reported that U.S. school-aged children consume an estimated 3,279 mg/day of sodium. These intake levels far exceed the Institute of Medicine's (IOM) Dietary Reference Intake (DRI) Tolerable Upper Intake Level (UL), which are set by the IOM, for sodium<sup>1</sup> of 1,900 to 2,300 mg/day (depending on age and sex). As shown in the figure below, current sodium intakes among the majority of the population across all age/sex groups are above the IOM's UL. As a result, sodium, along with other nutrients that are over- or under-consumed, has received focus in the DGA.

**Sodium: Percent of age/sex groups with usual intakes above UL**



Source: What We Eat in American, NHANES 2007-2010

**School Meal Standards and Sodium Per 2010 DGA**

<sup>1</sup>[http://iom.edu/Activities/Nutrition/SummaryDRIs/-/media/Files/Activity\\_percent20Files/Nutrition/DRIs/ULs\\_percent20for\\_percent20Vitamins\\_percent20and\\_percent20Elements.pdf](http://iom.edu/Activities/Nutrition/SummaryDRIs/-/media/Files/Activity_percent20Files/Nutrition/DRIs/ULs_percent20for_percent20Vitamins_percent20and_percent20Elements.pdf)

The Healthy Hunger-Free Kids Act of 2010 seeks to ensure that the food children receive in school optimizes their health and does not put them at a higher risk for chronic conditions such as diabetes and heart disease. The U.S. Department of Agriculture (USDA) relied on the recommendations of experts at the IOM—the gold standard for scientific analysis—as the basis for the updated standards.<sup>2</sup> These recommendations were developed by a committee that included experts in health, nutrition, school food service, and economics. The outcome was updated, science-based standards, in which the portions of school meals were “right-sized” to reflect the age and dietary needs of the students served and the appropriate balance between food groups. These updated standards also brought school meal requirements up-to-date with the *Dietary Guidelines for Americans 2010*—as required by Section 9, of the Richard B. Russell National School Lunch Act—to provide children an array of vital nutrients and in a feasible way for schools.

The final sodium targets developed by IOM for implementation in school year 2022-2023 are aimed to help reduce students’ sodium intakes to be in line with the Tolerable Upper Intake Levels (ULs). The ULs are established by IOM through the Dietary Reference Intakes (IOM 2004), which range from 1,900–2,300 milligrams per day for children ages 4–18. The targets are not based on an intake of 1,500 milligrams per day, as you state in your letter. As shown in the figure below, the final sodium targets represent the UL for each age/grade group multiplied by the percentage of nutrients supplied by each meal (approximately 21.5 percent for breakfast, and 32 percent for lunch), as recommended by IOM.

Age/grade group	Baseline: Current average sodium levels as offered <sup>1</sup> (mg)	Sodium reduction: Timeline and amount				Percent change (current levels vs. final targets)
		Target 1: meet by July 1, 2014 (SY 2014–2015) (mg)	Target 2: meet by July 1, 2017 (SY 2017–2018) (mg)	Final target: Meet by July 1, 2022 (SY 2022–2023) (mg)		
<b>School Breakfast Program</b>						
K–5 .....	573 (elementary) .....	≤ 540 (24.4% of UL) .....	≤ 485 (25.5% of UL) .....	≤ 430 (22.8% of UL) .....		–25
6–8 .....	628 (middle) .....	≤ 600 (27.3% of UL) .....	≤ 535 (24.3% of UL) .....	≤ 470 (21.4% of UL) .....		–25
9–12 .....	886 (high) .....	≤ 640 (27.8% of UL) .....	≤ 570 (24.8% of UL) .....	≤ 500 (21.7% of UL) .....		–27
<b>National School Lunch Program</b>						
K–5 .....	1,377 (elementary) .....	≤ 1,230 (64.8% of UL) .....	≤ 935 (49.2% of UL) .....	≤ 640 (33.7% of UL) .....		–54
6–8 .....	1,520 (middle) .....	≤ 1,360 (61.8% of UL) .....	≤ 1,035 (47.0% of UL) .....	≤ 710 (32.3% of UL) .....		–53
9–12 .....	1,588 (high) .....	≤ 1,420 (61.7% of UL) .....	≤ 1,080 (47.0% of UL) .....	≤ 740 (32.2% of UL) .....		–53

<sup>1</sup> Current Average Sodium Levels as Offered are from the School Nutrition and Dietary Assessment Study-III. Data were collected in the 2004–05 school year.

<sup>2</sup> The IOM final targets are based on the Tolerable Upper Intake Limits (ULs) for sodium, established in the Dietary Reference Intakes (DRI) (IOM, 2004). The sodium ULs for school-aged children are 2,300 mg (ages 14–18), 2,200 mg (ages 9–13), and 1,900 mg (ages 4–8). The final sodium targets represent the UL for each age/grade group multiplied by the percentage of nutrients supplied by each meal (approximately 21.5% for breakfast, 32% for lunch), as recommended by IOM. IOM’s recommended final sodium targets for the K–5 age/grade group breakfasts and lunches are slightly higher than 21.5% and 32% 32%, respectively, of the UL because this proposed elementary school group spans part of two DRI age groups (ages 4–8 and 9–13 years).

**Source:** Nutrition Standards in the National School Lunch and Breakfast Programs—Final Rule Section 743 of the Consolidated and Further Continuing Appropriations Act, 2012 (P.L. 112-55) requires USDA to evaluate relevant data on sodium intake and human health prior to implementing this standard. USDA will follow this statutory directive and conduct a thorough review of current nutrition science in collaboration with the Department of Health and Human Services as part of the development of the 2015 Dietary Guidelines for Americans prior to proceeding with the final phase of the sodium standard.

<sup>2</sup> <http://www.iom.edu/Reports/2009/School-Meals-Building-Blocks-for-Healthy-Children.aspx>

### Sodium and the 2015 DGAC

USDA has relied on the DGA to guide the policy and phased implementation described above. There is an important distinction between what is in USDA's purview and what is determined by the IOM, and thus followed by USDA. Below is some background on the science behind the 2010 DGA, as well as an overview of the work currently under way to update and release the 2015 DGA late next year.

The *Dietary Guidelines for Americans 2010* recommended reducing sodium intake. This recommendation was based on current intakes, the DRIs, and a systematic review conducted by the 2010 DGAC on sodium intake and blood pressure. It is important to note that the DGA focus is food-based recommendations and not nutrient-based recommendations. Both the DGAC and the U.S. Department of Health and Human Services (HHS)-USDA team rely on the quantitative recommendations for essential nutrients, the DRIs, set by the IOM. The revision process for creating the 2015 DGA is underway, and the 2015 DGAC has reexamined the evidence on sodium and blood pressure and expanded its focus to also consider risk of cardiovascular disease (CVD). The DGAC recently completed its review of the evidence and presented its conclusions and recommendations at its seventh and final public meeting on Monday, December 15, 2014. The DGAC's report will be posted on [DietaryGuidelines.gov](http://DietaryGuidelines.gov) in February 2015 and will be considered by USDA and HHS in developing the *Dietary Guidelines for Americans 2015*.

To answer your specific questions, the 2015 DGAC did consider the 2013 IOM Report *Sodium Intake in Populations* and the two recent publications in the *New England Journal of Medicine* that you referenced. A primary source of evidence for the DGAC are the Lifestyle Guidelines from the American Heart Association (AHA)/American College of Cardiology (ACC)<sup>3</sup> and the associated systematic reviews completed with support from the HHS National Heart, Lung and Blood Institute.<sup>4</sup> The DGAC concurred with the conclusions from the IOM Report and the AHA/ACC Guidelines. The 2015 DGAC's findings are summarized below:

- Strong evidence shows that adults who would benefit from blood pressure lowering (i.e., those with prehypertension and hypertension) should lower sodium intake.
- Moderate evidence has documented that as sodium intake decreases, so does blood pressure in children.
- Moderate evidence indicates a positive relationship between higher levels of sodium intake and risk of CVD in adults.
- Evidence is inconsistent and insufficient to conclude that lowering sodium intakes below 2,300 mg/day either increases or decreases risk of CVD outcomes or all-cause mortality in the general U.S. population.

To inform its recommendations, the DGAC placed primary emphasis on blood pressure research, which included well-designed, randomized, controlled trials and feeding studies. In contrast, for other CVD outcomes, the DGAC noted that only a small number of well-conducted studies are available and that many of the studies available contain methodological flaws (e.g., imprecise sodium assessment methods). The DGAC did not examine studies using computer modeling to extrapolate health benefits.

<sup>3</sup> <http://www.ncbi.nlm.nih.gov/pubmed/24239922>

<sup>4</sup> <http://www.nhlbi.nih.gov/health-pro/guidelines/in-develop/cardiovascular-risk-reduction/lifestyle/index.htm>

The DGAC has provided the following recommendations for consideration in the development of the 2015 Dietary Guidelines for Americans:

- The general population, ages 2 years and older, should rely on the recommendations of the IOM Panel on DRIs. This includes a UL of 2,300 mg/day (or age-appropriate DRI amount).
- Individuals who would benefit from blood pressure lowering (i.e., those with prehypertension or hypertension) should rely on the recommendations in the 2013 AHA/ACC Lifestyle Guidelines. These include: lowering sodium intake in general; or consuming no more than 2,400 mg/day of sodium; or lowering sodium intake to 1,500 mg/day for even greater reduction in blood pressure; or lowering sodium intake by at least 1,000 mg/day even if the goals of 2,400 or 1,500 mg/day cannot be met. (Note: The AHA/ACC recommendation of less than 2,400 mg/day is slightly different than the less than 2,300 mg/day recommended by the IOM Panel; less than 2,400 mg/day was selected because it was the estimated average urinary sodium excretion in the studies considered to inform this recommendation.)

USDA has noted the language in the omnibus bill regarding sodium in school meal standards; we look forward to reviewing the 2015 DGAC's recommendations based on the current, evidence-based science, which HHS and USDA expect to receive early January 2015.

Mr. ADERHOLT. As you know, fiscal year 2015 Omnibus includes section 752, which states that the sodium levels in the school milk programs cannot be further reduced until the latest scientific research establishes the reduction is beneficial for children.

With regards to the action of the Dietary Guidelines Advisory Committee, it appears they only reviewed literature that fit the objective of lowering sodium consumption in Americans. The point of including the bill language was to make sure all relevant and recent science was considered so that we do not harm the health of Americans, including school children, by forcing a sodium level that the most recent research shows is harmful.

Would you think is important that USDA and the Health and Human Services consider this data as well, as they protect the health of school children?

Secretary VILSACK. Well, certainly, Mr. Chairman, any information that is relevant and specifically focused on the welfare of children we ought to consider. I hope that during the comment period that we would solicit additional information by virtue of your comments and questions today, and that our teams would be understanding their statutory responsibility and the budget law to comply with that.

Mr. ADERHOLT. And, again, of course, if I understood you correctly, you are giving your assurance that the final report will include the nutrient and dietary recommendations that are included without environmental factors and other extraneous material?

Secretary VILSACK. Mr. Chairman, I do not want to be cute about this. I do not want to make a representation to you that binds Secretary Burwell. What I will commit to you is I understand my responsibility is color inside the lines, that we have a responsibility to focus on guidelines that are dietary and nutritional in impact and effect, and that they will, indeed, be used to educate the public as well as Federal nutrition policy.

That is my responsibility, and I intend to live up to that responsibility. I do not want to speak for Secretary Burwell. She can certainly do a good enough job by herself on that.

Mr. ADERHOLT. Thank you.

Mr. Farr.

#### 2016 BUDGET REQUEST

Mr. FARR. Thank you very much, Mr. Chairman.

Sorry I have been in and out. Right next door is the Milcon/veterans hearing, and I have a lot of military bases in my district. So I am running back and forth.

Thank you very much for your testimony, and I really admire your ability to sort of seize the capability you have as Secretary to look at consolidation and prioritization within the Department. I think it is long overdue.

You know, these moments of our first hearings are all ones of nice-and-nice because nobody talks about what happens if we do not give you the money you are asking for, and I think hopefully these hearings can talk about that because what will happen is we will do everything in the public like we are doing right now, and then the Budget Committee meets, gives us our numbers, and we do all of the cut, squeeze and trim without public comment.

I hope, Mr. Chairman, if that happens that you will invite the Secretary back so he can talk about what might be the implications of anything we give him less than what he is asking for. And perhaps you just want to suggest how essential these monies are.

You know what? I find in Congress that everybody wants to solve problems, but nobody wants to pay for solving the problem. There is not anything in our family situation where a problem does not require some funding or a business where we do not do it. We throw money at it, and in Congress we have a very hard time. We might agree that there is a problem there, but we have a very hard time deciding we want to give you more money or additional money to solve that problem.

So if there is sequestration, which is rumored in the Budget Committee that these cuts may go back to 2008 level, what would be the consequences?

Secretary VILSACK. Well, it is a loss of opportunity. You know, just take Rural Development programs. For example, it means fewer projects, fewer job opportunities, fewer job creating projects, fewer infrastructure needs that are met.

It is one of the reasons why given the fact that we have a budget that is less than it was in fiscal year 2010, we are proposing a budget today that is less than it was in fiscal year 2010, and we are currently in a budget that was less than fiscal year 2010, that we have sought to figure out ways in which we can leverage our resources more effectively, and there is a limitation to that but we are trying every possible way we can think of to try to meet the need that is out there.

Congressman, we have one in four kids in rural America that are in poverty. So if you are impacting and affecting jobs, if you are impacting and affecting the ability to obtain housing, if you are impacting and affecting the ability to get a decent education, you are basically making sure that those kids have a much steeper hill to climb.

And one of the concerns that I have is that all of us collectively have not spent enough time and attention on rural poverty, especially as it relates to children, and this budget begins that process.

#### RURAL POVERTY

Mr. FARR. How do you prioritize those poverty projects around the country?

Secretary VILSACK. Well, we had a meeting with the Rural Council yesterday that I chair in which we are going to try to create an opportunity to better coordinate the Federal programs that exist.

You know, we know programs that work, but we have a tendency to operate them in our silos and in isolation. So we operate our USDA poverty reduction—

Mr. FARR. You mean silos outside of just USDA.

Secretary VILSACK. Correct.

Mr. FARR. Transportation?

Secretary VILSACK. Our nutrition programs may be operating differently in a different place than HHS' programs, and HHS' programs may be operating differently than Transportation's programs.

We believe that it is important and necessary, and I have got this map that basically shows the counties and areas of the country where the poverty rate for kids is higher than 30 percent, and so obviously geographically focuses our attention, but we also have to make sure that we coordinate and target all of our resources and coordinate those resources. We have not done as good a job of that probably ever, not just this Administration, any Administration, for quite some time.

So yesterday we began a process of trying to figure out how to do that better.

Mr. FARR. You know, outside of just being Secretary of Agriculture, I mean, you have been a mayor. You have been a councilmember. You have been a Governor, Secretary, and a legislator. I mean, you have seen it all. Many of us have been through local government as well.

I have never seen a willingness of the Federal Government to really assess these capabilities and re-prioritize them. I think it is one of the finest things that the Administration and you are really doing that, and I really applaud you for that because everybody in Congress wants to get the best bang for the buck, and we are not going to get that best bang unless we use this sort of collaborative effort.

And somebody has to pull it all together. So I hope in those kind of new starts that we in Congress do not then turn around and cut you flat because it is a new idea. It is a new idea that in the long term it is going to be much more cost effective than essentially our kind of welfare spending that we all criticize.

So I applaud that, and, Mr. Chairman, if we do cut his budget significantly, I would really request that we have another hearing to hear from the Secretary about what the consequences of those cuts will be.

Mr. ADERHOLT. Mr. Yoder.

#### AGRICULTURAL EXPORTS

Mr. YODER. Thank you, Mr. Chairman.

Mr. Secretary, welcome to the Committee, and I want to thank you for your time recently that you spent in Kansas and in my district.

Mr. Chairman, the Secretary came out and met with agriculture producers and others who create and promote transportation of goods in our country to discuss the importance of transportation of those goods and trade.

And I wanted to thank you for your time. I thought it was a very good use of our time to visit about the opportunity to sell more goods from Kansas, agricultural products in particular and other States around the globe.

I thought maybe you could just briefly highlight what Congress could do or what we should be doing as a country to promote the export of goods from Kansas and Alabama and California and Florida and, you know, the other States certainly that are here and that are in Congress that have a lot of agriculture basis.

How important is it to them and what can we do? What would be your position on what Congress could do and how we could work together, both parties, to create more jobs at home?

And, frankly, the best way to lift some of these young kids out of poverty is to bring more dollars into the United States through exporting goods from their communities.

Secretary VILSACK. It is an excellent question, Congressman. I would say three things. One, recognizing the fact that 30 percent of all agricultural sales are export related, which is roughly equivalent to a net cash income for farming. So theoretically if you were to do away with exports, you would essentially do away with any real significant profit margin in farming.

So obviously you need to continue that. So we have to continue to fund and promote our programs that allow us to go out and advocate on behalf of and market agricultural exports. That is why we have asked for an increase in the budget in our trade promotion efforts, \$35 to one return on investment of those monies.

Two, we need the Congress to give the President the same authority that every President has had since Franklin Delano Roosevelt, which is trade promotion authority, so that as we finalize important negotiations on free trade agreements, Congress has the ability to review them, but ultimately to vote up or down.

And then finally, to the extent that we conclude a strong, fair, and appropriate access, and reducing barrier trans-Pacific partnership, understanding the significance of that, we have got to control the rulemaking in Asia and the market development in Asia.

I'll just finish with this. Today there are 525 million middle class consumers in Asia. Within 15 years, that is going to be 3.2 billion. There is a tremendous opportunity here. We do not want China writing those rules. We want to write those rules.

#### FARM BILL SAVINGS—SNAP

Mr. YODER. I appreciate your leadership on those issues, and it is important to Kansas. I know it is important to a lot of farmers in our districts who depend on selling their goods around the globe, and so it is an important economic development tool I think we could work together on, and we look forward to moving on some of those items that you suggested.

I noted last year during the Farm Bill debate that there were some expected reductions in savings that the two parties worked together to sort of iron out in a compromise bill. One of those areas of savings was related to agriculture, farming, and the other area was related to the Food Stamp Program, SNAP Program. We know that about 80 percent of the Farm Bill is for food stamps, yet the area in savings on the Food Stamp Bill was only eight billion out of 23 billion in total savings. So it is a disproportionately small savings.

But it was, I think, an ability for the sides to show they can sort of iron out some differences, but to get to that solution, the compromise was savings through the Low Income Energy Assistance Program (LIHEAP). I guess I would like an update on your implementation of those savings and where we think that is going to end up.

I think the estimate was about eight and a half billion in savings, and I note that an article in Politico stated at the time the single biggest savings comes from cracking down on what many see as an abusive scheme employed by about 16 States that distribute

token amounts of low income free assistance to households to help them gain higher benefits.

Have we corrected that abusive scheme? And what will the savings be?

Secretary VILSACK. Congressman, I think we will have savings in the program. It may not come from exactly the area that Congress has directed. Seventeen States were impacted by what you all did in the Farm Bill. Twelve States have essentially increased their commitment in LIHEAP, which they are capable of doing and able to do. But we are seeing declining numbers in SNAP, and I have always said that the most effective way of reducing SNAP is an improved economy and focusing time and attention and resources on getting able bodied people to work who are currently receiving SNAP.

We are currently doing that, and I think we will see from the pilots and from an improved economy significant reductions in the same way under the farm programs the expectation was that we were going to receive savings from our safety net programs. The reality is we are probably going to have to trigger those a little bit quicker than anticipated.

So, you know, at the end of the day, I think you are going to have the cumulative savings, but you may have it in a slightly different mix and a slightly different calculation.

#### WIC PROGRAM ELIGIBILITY

Mr. YODER. I also note, Mr. Secretary, your statement which I think many people would be surprised to hear that 53 percent of newborns in our country start out on the WIC program. I think that is clearly an example of the economy not working well enough for enough people that we have these young mothers and families reliant upon this program.

But it's also by some reports an example of a poorly administered program. I am sure you are familiar with the General Accountability Office (GAO) report in 2013 that stated that the Food and Nutrition Service (FNS) regularly monitored State and local WIC administration through the management evaluations conducted by its regional offices, and in one-third of the States reviewed since 2010, FNS found problems with income eligibility determination, policy and procedures.

Furthermore, the GAO found that FNS has not reviewed findings on income eligibility determination and as a result, they have not focused their technical assistance in this area.

So that report was pretty damning in that it stated some of the explosion in WIC eligibility is related to an improper implementation of the program.

Mr. ADERHOLT. Let me just interject here.

Mr. YODER. And I apologize, Mr. Chairman.

Mr. ADERHOLT. You did run a little bit over, but if you could give some of your answer quickly so we can move on to the next.

Mr. YODER. How would you fix this and what is your response to that?

Secretary VILSACK. Additional training, and additional focus on this. I would say this is actually an answer to Congressman Farr's question on the impact of inadequate resources. We have seen a re-

duction in workforce, and if you have got fewer people, it is very difficult to do all of the work that you all want us to do, and we see this not just in WIC, but we also see this in some of the other programs.

So we are doing our level best to try to improve training and make sure the States understand their responsibilities.

We are also focusing on fraud and improper use of the program, which I know is also an interest and a priority of this Committee.

Mr. YODER. Thank you, Mr. Chairman.

Mr. ADERHOLT. Ms. Pingree.

#### FOOD SAFETY OUTREACH PROGRAM

Ms. PINGREE. Thank you, Mr. Chair.

Mr. Secretary, thank you for your testimony and your answer to the previous questions.

I want to talk about an issue that is of concern to the farmers in our State and I think in places like mine around the country. As you know, the Food and Drug Administration (FDA) is getting close to finalizing new food safety regulations later this year, and I am very interested to see if we can have a discussion on the USDA's plans for the Food Safety Training Competitive Grants Program, which will be operated by the USDA under the NIFA agency.

Now, in Maine I have heard from farmers for the last couple of years who are very concerned that the Food Safety Modernization Act (FSMA) rules are going to be applied in a way that unfairly targets small and medium sized farms, when we know the intent of the law was to prevent food safety outbreaks like those from massive farms and farm operations like Foster Farms where salmonella affected eggs and people in 18 States.

Like a lot of New England and other States, small farmers in my State who sell locally and direct to the consumer are by definition better protected from a food safety outbreak. They have a limited market, can more easily trace their sales, and as you can imagine, farmers in our State have turned out to public hearings on this, so we have had a lot of discussions with the FDA on what the final rules will look like.

We do not know the funding levels yet, but if it is adequately funded, the Food Safety Outreach Program could play a crucial role in preparing the farmers for FSMA by conducting outreach to help train them for the complex web of the new rules and easing some of the burdens of compliance for these farmers.

I think without the training, FSMA will fall short of its goal of improving on-farm safety. I am very pleased that we were able to provide the Food Safety Outreach Program, for the first time, with funding in fiscal year 2015, and I am very supportive of the USDA's request to double those funds in fiscal year 2016.

I would like to hear you talk about the \$5 million that has been requested, how it would be spent, and if you have enough funding for what really needs to be done.

This will be a massive change for farms of that size.

Secretary VILSACK. Well, we obviously will do this in conjunction with the Department of Health and Human Services. First and foremost, it is going to be important for producers to know who is

in and who is out of the program because there are exemptions for the program, particularly aimed at small size producers.

You know, using technology through Webinars and using the Extension Service, the expectation would be that we would try to reach as many farmers who were interested in this and in need of assistance. We are really focused on trying to build a local and regional food system in rural America as a complement to production agriculture, and so this becomes critically important because oftentimes those small producers are specialty crop producers and the people who will fall within FSMA's reach.

So I would say we will extensively use Extension, extensively use Webinars, and utilize our land-grant university system to try to get the word out.

Ms. PINGREE. Just a little bit of a follow-up, and I agree with you, and I appreciate in your testimony that in both the organic market and in the local foods market you recognize that this is a fast growing market, and there is a lot of interest in it and great opportunities for many of our rural farmers to grow or establish new opportunities, and I am lucky enough to come from one of the States where the average age of our farmer is not going up and we have more farms coming into production and returning to some of the ways farming used to look like in the 1800s. So we are happy about that, maybe except for the excessive snowfall this winter, but other than that, we are happy for some of that return.

My understanding is that the USDA is partnering with the FDA on this initial round of grants to establish a National Coordination Center and several regional centers for food safety training. I just have some concerns about the plan, namely, that grant funding may be limited to large regional centers rather than to organizations that work directly with small and mid-sized farmers and food businesses.

I think some of them are best suited to provide the outreach in education and training. Can you talk a little bit more about the vision for the Competitive Grants Program and beyond, particularly how you will make sure that this funding has real impacts?

Secretary VILSACK. Well, a component of any competitive grant will be the ability to establish your capacity to reach the people in the field and out in the countryside, and to the extent that I can say one thing with certainty about this USDA is that we are all about collaboration. We are all trying to figure out how we leverage scarce resources and use all of the support entities that we can.

So I would expect and hope that NIFA would continue to do what it has done on many other initiatives similar to this, which is as a component of the grant basically say: how are you going to ensure us that the word is actually going to get beyond the university campus? How is it going to get actually to that farmer or that producer who may be concerned about whether they are exempt or not, how they comply, what they have to do, what paperwork they have to fill out and so forth?

So I can assure you that that will be part of the competitive process and part of the decision making process.

Ms. PINGREE. Well, I look forward to working with you on that. Thank you for your answer.

Thank you, Mr. Chairman.

Mr. ADERHOLT. Mr. Valadao.

UNDER SECRETARY FOR TRADE AND FOREIGN AGRICULTURAL AFFAIRS

Mr. VALADAO. Thank you, Mr. Secretary.

First I wanted to say that your department, especially Dana Coale and others there, are helping out quite a bit working with our California dairy producers on this process to go with the Federal marketing order. So it has been going well, and she has been very well received in the district and very informative.

The recently enacted Farm Bill included a mandate that USDA create a new Under Secretary for Trade and Foreign Agricultural Affairs. As part of the fiscal year 2015 Agricultural Appropriation Act, this Subcommittee also commissioned an independent study similar to the one USDA was supposed to complete by July of last year. The new Under Secretary would become USDA's tip of the spear for agriculture trade, export and import efforts. This is in addition to the higher level efforts led by the U.S. Trade Representative.

Currently trade and foreign affairs functions are spread across the Department. Streamlining trade priorities through the new Under Secretary, I believe, will result in much more efficient and effective process.

In your testimony you even highlighted the exponential growth in agriculture exports as one of the few bright spots in our economy. A large portion of these are coming from my district, and we want and need to see this to continue.

We have seen two recent examples of the manufacture crisis that cost our farmers, ranchers and producers dearly: the West Coast port shutdown and the backlog of Midwest railway shipments.

Mr. Secretary, how can a newly organized function provide direction to the Department and U.S. agriculture in general by strategically focusing on trade related issues and avoid these types of situations in the future?

Will you make the creation of this new function a priority in complying with the mandate?

Secretary VILSACK. Congressman, I would be happy to have our Acting Chief Economist talk to you about the contracting process that we are currently undergoing to comply with the budget directive to have this studied, if that would be helpful.

But I would say, first and foremost, that this is a complicated issue because it does require a review of all the mission areas that are impacted within USDA by trade, and certainly we have taken a role both in the port resolution and in the rail issue. The port deal, as you know, was resolved in large part because of Secretary Perez's intervention, and he will tell you that the most powerful message that he carried out to the West Coast was from farmers because he was given that information from us.

On the rail side, it is good to note that we continue to see investment by our rail companies, and we are now beginning to see a much more competitive secondary market for cars. So that has abated a bit, and hopefully with additional investments from the rail industry that we have advocated for and pushed for that will be less of a concern in the future.

But would you like the Chief Economist to sort of—

Dr. JOHANSSON. Thank you, Congressman, for the question.

As you know, my office, the Office of the Chief Economist, was given extra funding to pursue this study, and we are moving ahead as quickly as possible with getting the contract vehicle fleshed out and put in place. Of course, as the Secretary mentioned, it is a very complicated issue, and we expect to be working with the group that is going to be working on that report over the next couple of months, next six months or so to get that report.

And we will have several places during that process by which we can come up here and brief folks about the progress we have made and to solicit any input that you might have on that, but we will be working forward on this and hopefully we will get that contract in place within the next few weeks.

#### DIETARY GUIDELINES ADVISORY COMMITTEE

Mr. VALADAO. Perfect. And then back to the Secretary.

Since 1985, HHS and USDA have appointed Dietary Guidelines Advisory Committee consisting of nationally recognized experts in the field of nutrition and health. The charge of the Committee is to review the scientific and medical knowledge current at the time and to provide recommendations for the next edition of Dietary Guidelines based on their current review of the literature.

To date the committee has consisted entirely of human nutrition and health experts. However, during the review process, agriculture questions often arise, especially regarding common practices and processing methods associated with food production.

In order to appropriately address the needs of the committee, do you feel that it is beneficial to have an agriculture expert included in this Committee?

Secretary VILSACK. Congressman, I am not sure that it is absolutely essential or necessary that it be involved in the committee, but obviously it is very important that those considerations be taken into consideration when the guidelines are established.

I mean, at the end of the day what we have here is a 600 page report that ultimately will be substantially whittled down to probably less than 100 pages by our teams at HHS and USDA. So I think it is important for that viewpoint to be in the process, but I do not necessarily think it has to be. It might be helpful, but it does not have to be included in the recommendations.

Mr. VALADAO. All right. Thank you.

Mr. ADERHOLT. Mr. Rooney.

#### DIETARY GUIDELINES ADVISORY COMMITTEE

Mr. ROONEY. Thank you, Mr. Chairman.

Mr. Secretary, it is good to see you again.

As you know, my district is largely citrus based, and I have a comment with regard to that, but then I have a question with regard to another big part of my district, which is beef cattle.

I was happy to finally see that the Specialty Crop Research Initiative (SCRI) funds were released to the projects chosen by the Citrus Subcommittee. This has been an incredibly challenging time in Florida's history, and while the industry is resilient, the delay in getting these projects out the door is concerning to the growers in my district.

I know that a majority of the Multi-Agency Coordination (MAC) funding is going to shorter term projects, and the SCRI funds tend to be more focused on the longer term solutions, but the overwhelming anxiety over any solution to the problem makes me concerned about the level of funding requested in your budget for the programs directed to solve the problem.

I am hopeful that in the future this Citrus Subcommittee will improve their communications not only among their members, but also the stakeholders on the ground. That is something that I have been hearing in my district time and time again.

I do not know if you have a comment on that, but I just wanted to make sure that you knew where our growers stood.

Now, with regard to this issue of lean meat, I am concerned with the recent Dietary Guideline Advisory Committee's report that removes lean meat from the definition of a healthy dietary pattern, but does mention healthy benefits associated with lean meat in a footnote and a handful of other times in the 571-page report.

The final recommendation from the advisory committee I find confusing since they spend significant portions of their meetings talking about healthy diets like the Mediterranean style diet, which is higher in red meats than the U.S. diet.

So on one hand the Committee is touting diets with more red meat, but on the other, removes lean meats from what they consider a healthy diet. Now, I assume that you believe that red meats and processed meats have a role in a healthy and nutritious diet, but what I want to ask you specifically deals with genetically modified organisms (GMOs).

The 2015 report states that access to sufficient nutritious and safe food is an essential element of food security for the U.S. population. A sustainable diet helps to ensure this access for both the current population and future generations. However, the report fails to mention the strong scientific consensus behind the safety of GMOs or their apparent net positive impact on both food sustainability like increased yields per acre and the environment, like the reduced use of pesticides overall.

So given that the recommendation to decrease meat consumption was included based on moderate scientific evidence and there is arguably strong scientific evidence demonstrating the environmental benefits of GMOs in a sustainable agricultural production, how will this be addressed in the final 2015 dietary guidelines?

Secretary VILSACK. Well, may I comment on the citrus issue first? I want to point out that \$40 million has been invested to date in citrus greening, and it has been focused on trying to find a wide variety of better surveillance, better detection, better treatment, and better prevention initiatives.

We were directed to set up a process that involved asking our advisory council to essentially operate this and to essentially make recommendations about where the priorities ought to be, and they came up with 20 priorities, which obviously is 20. That is a lot.

They have since looked at this and narrowed it down to four. So I fully expect in the future that decisions will be much quicker because that process has been completed, and I would also expect and anticipate that we wouldn't necessarily only focus on short-term review, but we would also be looking at long-term solutions as well.

So you can be reassured we are focused on this and we are investing in it.

Okay. As it relates to GMOs, you know, there is no question in my mind that GMOs are safe. There is no question in my mind that we have a conversation that needs to take place in this country about the science behind GMOs, and there is no question in my mind that we have to figure out ways in which organic producers and our genetically modified producers can coexist in the agricultural world that we live in. In my view we need both for potentially different reasons.

And I would say that a good deal of attention is being placed on recommendations. Again, I want to emphasize my understanding of my role here, which is nutrition and dietary only. That's my function, and I intend to be very vigilant in looking at the statutory direction to me in terms of the development of these guidelines, and I am going to be personally involved in this.

I have on my desk a very large book that advocates a slightly different approach to all of this, and so my hope is that through the comment period we will expand the knowledge and the reach and the information, and that all of that can be taken into consideration so that we can provide the United States citizens and health care policy makers clear direction in terms of nutrition and dietary guidelines, and that is what I intend to do.

Thank you.

Mr. ADERHOLT. Mr. Young.

#### WATERS OF THE U.S. RULE

Mr. YOUNG. Mr. Secretary, fellow Iowan, good to see you today. Thanks for being here.

Thank you, Mr. Chairman, for this hearing.

I want to ask you about the Environmental Protection Agency (EPA's) Waters of the U.S. rule. I know it is not under the USDA, but I hear a lot from farmers, and I know that many folks here in the room do as well. I see this as a massive land grab that will hurt Iowa agriculture by regulating farmland instead of the navigable waters as Congress intended.

Unfortunately, Iowa farmers think this rule will hamper, disincentivize, and possibly prohibit voluntary conservation practices that are actually working.

What has the USDA done in response to the Waters of the U.S. rule and will you, Mr. Secretary, stand with the farmers and publicly oppose this rule?

Secretary VILSACK. Congressman, we were engaged in a process with sister agencies in providing education and information in terms of real life responses or reactions to anything that is being proposed or considered. We will do that, have done that, will continue to do that.

I think the most effective way for me to be effective on behalf of American agriculture is to continue to make sure sister agencies as they are making decisions that may impact agriculture in rural America, that they are aware of the real life implications.

Secondly, I have encouraged the Administrator of EPA to open up dialogue and conversation with producers so that she can hear directly from producers what you are hearing when you travel back

to our home State, and she has traveled to rural America. She has gone to farms. She has visited with farm groups, and we have set up a regular communication system and process with community groups, livestock groups so that the EPA Administrator can hear directly from them.

Third, we are very heavily invested in supporting and advocating for voluntary conservation. We believe it works, and we believe we have assessed the impact of voluntary conservation. It is now at record levels, over 400 million acres, over 600,000 producers. We know from our assessment programs that nutrients are being reduced, that erosion is being reduced. We believe it works, and we believe the reaction to the Farm Bill Regional Conservation Partnership Program, which was more than we expected in terms of interest, sort of supports the notion that voluntary conservation has an important role to play.

And finally, we have stressed to our sister agencies the importance of predictability, stability and the ability of certainty, the opportunity for folks to know precisely what the rules are so that they can comply with them, so that there is no question or confusion about that. We have done that with the Endangered Species Act. We have also done it in the context of EPA regulations.

#### FEDERAL CROP INSURANCE PROGRAM

Mr. YOUNG. I appreciate those comments, and you know, farmers really are terrified of this rule. I believe it hurts Iowa agriculture. I ask you to continue to be that voice to the sister agencies on behalf of the Iowa farmer and ask that you oppose this rule during the interagency process.

I want to talk a little bit about the Federal crop insurance program. Farmers anticipated this new Farm Bill would provide some certainty, and now they are concerned less than a year after its passage. The Administration is cutting programs that farmers rely on. I believe it is a cut of \$16 billion over ten years.

As you know, those crop insurance premium supports are the most vital and important risk management tool for Iowa farmers and farmers across the country.

Can you explain the Administration's proposal to cut the crop insurance premium supports?

Secretary VILSACK. Sure. The GAO and Inspector General have been concerned about the preventive planning aspects of crop insurance suggesting that it has a disincentive for the planting of a second crop, and part of what we have proposed and suggested is to remove that disincentive so that farmers are encouraged to plant a second crop.

Secondly, there is the issue of the harvest price loss option. In some cases the reimbursement in subsidy rate is anywhere from 60 to 80 percent taxpayer supported. We believe this is a partnership between taxpayers, producers and insurance companies and a partnership in our view is a little bit closer to 50-50 than 80-20, and we think that our responsibility with crop insurance is to ensure that we are insuring against Mother Nature. The harvest price loss insures not just against Mother Nature, but also against market decisions that producers are making. It is one of the reasons why

we have an Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) program.

So the combination of those things suggest to us the need for proposed modifications and changes, and particularly since it looks as if the harvest price loss option might result in nearly 50 percent of the cost of the crop insurance program. I would say \$8.2 billion being invested in this program is an indication that we understand the importance of it and the significance of it, but there are some issues that have to be dealt with.

Mr. YOUNG. I appreciate that, and I also appreciate your comments on the reliance of sound science when it comes to GMOs. I appreciate that.

I yield back my time, Mr. Chairman.

Mr. ADERHOLT. Dr. Harris.

#### FARM SERVICE AGENCY (FSA)—STAFFING

Dr. HARRIS. Thank you very much, and thank you, Mr. Secretary, for appearing before us.

You know, I represent Maryland's First Congressional District, a rural area, 12 counties most of which are rural. Farmers in my district have been contacting my office about concerns about their local FSA office specifically as it relates to their operating hours and staffing.

You know, the language agreed upon in the fiscal year 2015 omnibus included a moratorium on closing FSA offices until a comprehensive assessment of its workload is conducted. Given this language could you provide an update on the status of the workload assessment?

Secretary VILSACK. We are in the process of doing that. We actually were in the process of doing that before the budget bill was proposed. The budget bill approves us to spend an additional \$400,000 to do what we have already done, which we will do.

The reality is, as I told the Chairman yesterday, Congressman, we have 31 offices around the United States that have no employees in them, and one of the reasons we were asking for permission to right-size these offices is to focus on 31 offices that have no physical person in them. No business would operate that way.

We have some issues with our office structure. I know that there is an issue in your district involving a held over lease situation, which we are going to rectify and take care of, but it is a small indication of a larger problem that we are currently dealing with.

Dr. HARRIS. Is there a hiring freeze in place right now that would prevent FSA from hiring additional staff?

Secretary VILSACK. It is a budget issue.

Dr. HARRIS. But internally is there a hiring freeze?

Secretary VILSACK. No.

Dr. HARRIS. I mean, has the decision been made not to hire additional—

Secretary VILSACK. No. In fact, we have added additional staff as a result of the passage of the Farm Bill.

Dr. HARRIS. Okay, and I will ask you—

Secretary VILSACK. But, Congressman, we are actually significantly below where we were when I first started this job. It is roughly 15 percent, I think, or so of workforce reduction.

## APHIS—AGRICULTURAL QUARANTINE INSPECTION FEES

Dr. HARRIS. Okay. And I will ask you to provide for the record an update on the staffing situation in my district, including both permanent and temporary employees, as well as any available vacancies.

[The information from USDA follows:]

**MD-1 Congressional District**  
**Staffing Information for Counties in District MD-1, as of March 5, 2015**

<u>State</u>	<u>County</u>	<u>Number of Permanent Positions</u>	<u>Number of Positions Filled</u>	<u>Vacancies</u>	<u>Number of Temporary Positions</u>
MD	Baltimore	3	3	0	
MD	Caroline**	5	4	1	1
MD	Carroll	4	4	0	
MD	Cecil	2	2	0	1
MD	Dorchester	3	3	0	
MD	Harford	1	1	0	1
MD	Kent	3	3	0	
MD	Queen Anne's	3	3	0	1
MD	Somerset	3	3	0	
MD	Talbot	3	3	0	
MD	Wicomico	3	3	0	
MD	Worcester	3	3	0	
	<b>Total:</b>	<b>36</b>	<b>35</b>	<b>1</b>	<b>4</b>

\*\* Vacancy announcement closes 3/10/15

One other issue that has come to my attention is that the APHIS has proposed a new rule that would revise the Agricultural Quarantine Inspection fees on aircraft, ships, trucks and railroad cars to, quote, more accurately rely on the fees for the costs of the services.

But when you look through the proposed fees, the international passenger flights pay between \$225 and \$1,600, but if you are an all-cargo flight no matter how big an airplane, it is a flat \$225 fee. So obviously airline passengers will be paying more than if it were just cargo, and private flights pay nothing at all.

How do you justify this kind of inequitable treatment of private airline passengers? I mean, they are going to pay a disproportionate amount which could be as much as \$150 million a year.

Secretary VILSACK. Actually, Congressman, if you look at the overall proposal, it is designed to address part of that inequity. We did, in fact, see that passenger air travel was disproportionately bearing the cost. We had a consulting group come in and basically take a look at the entire fee structure, which has not been changed in over a decade. We have obviously seen significant import increases and challenges with imports.

So we asked them to take a look at that. How would you basically provide the balance? We created this proposal. We have also been working with the industries that are impacted and affected and have made certain modifications. But I think if you look at the overall program, it is designed to better balance between passenger service and commercial service.

Dr. HARRIS. So when all is said and done will there be a disproportionate fee paid? I mean, will, in fact, the passenger airlines be paying more than their share even under the new program's proposed fees?

Secretary VILSACK. I am hesitant to say it is totally equitable, you know, but I would say that it will be better than it was.

#### BIOTECHNOLOGY REGULATORY SERVICES

Dr. HARRIS. Okay. Well, thank you very much for that.

I am going to just echo my concerns, my colleague from Iowa here, with the proposed Waters of the U.S. rule. I would hope, first of all, that your department was consulted extensively prior to proposing the rule because of the disproportionate impact on agriculture. This is the number one issue in my district. People are just afraid that the irrigation ditches are going to be declared navigable waters of some kind.

And I would hope that through the interagency process, again, as my colleague from Iowa has suggested, that you aggressively protect American farmers from this intrusion by the EPA and Corps of Engineers on their water.

Finally, in fiscal year 2015, the agency was appropriated an additional \$740,000 to help ensure the agency will continue to make strides toward improving regulatory predictability. And with regards to that, at what point in the future does the agency anticipate it will start meeting those goals of the regulatory predictability with regard especially to biotechnology regulation?

Secretary VILSACK. Actually we have done a good job of reducing the backlog that I inherited when I was Secretary. We had 23

pending applications when I became Secretary. We are now down to three.

We have had since that time ten additional applications, and I believe we have taken action on seven. So we have actually improved, and we have actually reduced the amount of time it takes for regulatory approvals from roughly 900 days to somewhere around 18 months, and our goal is to get to 13 to 15 months, which will be very consistent with international approvals.

Dr. HARRIS. Well, thank you very much, Mr. Secretary. I yield back.

#### FSA—STAFFING

Mr. ADERHOLT. Before I recognize Mr. Rogers, I want to clarify. You mentioned about the FSA offices. The issue last year when you were dealing with this, how did that come about? Was it a budget freeze or hiring freeze rather, or was it because of trying to free up money regarding MIDAS?

Secretary VILSACK. No, no, no. Congressman, the reason we focused on the proposal was first to address the fact that we have offices today, and we have had these offices for some time that have had no full-time physical person in them.

Secondly was, based on where we knew the work was—now you are asking us to review this again, which we will be happy to do—based on where we knew the work was, retrofit it, right-sizing the staffing levels of offices so that they can effectively address the needs and demands, and that was the purpose and reason.

Mr. ADERHOLT. Yes, but I think last year there was some money that was used to free up, not this year but last year, to free up because of the MIDAS issue, as I recall.

Secretary VILSACK. Well, there is no question that, given the reductions in the Salaries and Expenses (S&E) accounts that have occurred over a period of time, there were resources that were used to ensure that we had and continue to have better technology for our producers.

But their driving purpose of the consolidation was to make sure that we had adequate numbers of people in offices to be able to do the workload that we knew individual offices had, and in some places where there was very little, we were overstaffed.

Mr. ADERHOLT. I understand. I think the MIDAS thing was a factor last year.

Secretary VILSACK. It may very well be, but from my perspective the key here is to continue looking at ways in which we can become more efficient, and that is part of it.

Mr. ADERHOLT. Mr. Rogers.

#### ECONOMIC AND COMMUNITY DEVELOPMENT

Mr. ROGERS. Thank you, Mr. Chairman.

Mr. Secretary, good to see you. Welcome to you and your aides. I apologize for my tardiness here, but we have another hearing going in another room next door, and I missed the opening statements, but I want to briefly welcome you and thank you for visiting my district back in January of 2014.

As you know, in Eastern Kentucky we are working on a regional community development initiative known as SOAR, Shaping Our

Appalachian Region. Your attendance at one of those early SOAR meetings meant a lot to the region and the communities involved. That program, by the way, is moving along wonderfully. We are starting to see some early success stories in the region, and I want to thank you for designating that area as a Strike Force region of the country, which means a lot.

To continue on that path, I want to learn more about section 6025 of the Farm Bill, which allows USDA Rural Development the ability to prioritize projects that are part of multi-jurisdictional strategic economic development or community development plans, multi-county organizations, such as SOAR. So at your convenience, would you give us an update on USDA's progress in implementing that provision of the Farm Bill?

Secretary VILSACK. Mr. Chairman, we have over 50 regions of the country that we have invested resources in to enable those multi-county and in some cases multi-State areas to take a look at how they might create a compelling economic vision for the region, and then to be able to identify resources that can be directed to make that vision a reality.

Earlier today I showed this map, Mr. Chairman, which you are probably very familiar with. This is a map, and I apologize for the smallness of it, that reflects the counties in this country where the child poverty rate is in excess of 30 percent. And it tells us and shows us, and the SOAR Program in particular created a greater awareness of our having a more comprehensive approach; that it was not enough just to simply make one investment over here and one investment over here; that there needed to be coordination within USDA.

That is why we have Strike Force. I can tell you Strike Force has resulted in over 100,000 investments being made in Strike Force areas pursuant to an overall strategic plan. I can tell you that we have invested over \$11 million in those Strike Force areas, and I think we are seeing some signs of progress.

We are now working with our Federal sister agencies to try to figure out a way in which we can better coordinate each other's programs. I visited earlier about the Rural Councils Initiative in this respect. So we are very much engaged in this. We understand it is the best way to use resources.

The last thing I would say is we are also indicating and educating people in the private sector about investment opportunities that exist.

The problem we have is that we have an enormous number of water projects that we could fund. We will have resources to fund 1,300, but we might have 2,300 applications. We cannot get the investment community interested in a single water project even if it is a \$5 million project, but if we could figure out a way to bundle 50 of those projects, we could actually create an investment asset class that the private sector would be willing to invest in.

So we are now in the process of having folks come in, take a look at our portfolio, figuring out how we can adequately bundle sufficient numbers of projects, and we are now beginning to identify capital markets that might be willing to invest in those bundled assets. That is why CoBank announced the \$10 billion initiative. It

is why Citibank yesterday just announced a \$100 billion effort, part of which is going to go in rural areas.

So it is a combination of strategic visioning, coordinating our resources, coordinating sister agency resources, and engaging the private sector.

Mr. ROGERS. Well, good luck. That is very, very important.

Secretary VILSACK. Well, you are making it. The leadership that you and Governor Beshear have provided in Kentucky are, I think, a terrific example of how this ought to be done in other parts of the country.

Mr. ROGERS. Thank you.

Secretary VILSACK. Of course, it helps to have the Chairman of the Appropriations Committee engaged in the process, I might add, and a Governor who is pretty dog gone progressive.

#### WATERS OF THE U.S. RULE

Mr. ROGERS. Thank you, and it is great to have the Secretary of Agriculture as a part of that team.

Having said that, let me ask you about the Waters of the U.S. Rule. We had our Farm Bureau from Kentucky here yesterday, several hundred of them, and that was a big topic of conversation with farmers. They are worried; they are frightened at this notion that the Federal Government would assert jurisdiction over farm ponds, irrigation canals, culverts on farms, drainage ditches, and the like and require them to come to Washington and get a permit to put a culvert on their farm or to restock a pond or what have you.

Can you give us any alleviation of those concerns?

Secretary VILSACK. Well, Mr. Chairman, I have indicated to Administrator McCarthy concerns that I expected would be expressed, as you have expressed them, particularly as it relates to ephemeral streams, the notion of a bed, the bank, and water in there at some point in time creating potential opportunities. And we have expressed that to EPA.

I respect my sister agency and the determination and responsibility they have, both statutory and from a judicial direction, and we have done our best to make sure that they are educated about the impacts of this. We have encouraged the farm community to comment, as they have.

Our focus is to create the most strong and robust voluntary conservation possible so that we are in a position to provide assistance and help to farmers regardless of what ultimately is determined or decided by EPA, and ultimately decided by the courts, so that they are in the best position to comply.

And I am proud of the fact that we have a record number of acres enrolled in conservation, and I am very, very pleased with the reaction to our regional conservation program, which has shown great interest and collaboration.

#### DEPARTMENTAL OFFICE STAFF LEVELS

Mr. ROGERS. And finally, Mr. Secretary, let me ask you briefly about some increases you have requested. You are asking for \$908.5 million above the 2015 level, and included in that is a huge increase in staff.

According to data, USDA has increased staff to support Department activities at the Federal headquarters from 3900 in 2009 to 4900 for 2016, a 25 percent increase. During that same time period, many agencies at USDA have seen a reduction in staff to support critical activities.

What do you think? Are you asking too much?

Secretary VILSACK. Mr. Chairman, first of all let me say, as a practical matter, the budget that was submitted by the President is attempting to convey a very strong message about, in our view, respectfully, the inappropriate policy of sequester and the impact it has not just on non-defense spending but also on defense spending. So it is reflective of that.

It is also reflective of the fact that we have had reductions in workforce. I am happy to check on those numbers. I do not believe that those are accurate, but I could be wrong. I know that we have had overall reductions in workforce. In many areas some of the questions that have been asked today are why we are not doing more of this or that, and part of the reason is that there are a limited number of people working.

But we are at record levels of participation, and this budget that we are proposing, despite the increases, is still below the budget that I had in fiscal year 2010, which was the first full budget the President submitted. And we have been able to identify almost \$1.4 billion of additional savings through our administrative services process. But I am happy to check those numbers, and if you are right about those numbers, I will be asking serious questions because I do not believe that is accurate.

Mr. ROGERS. Well, in your budget request, you will have increased staff to support Department activities by 25 percent in just six years, including your 2016 request. Those numbers are, I think, pretty accurate.

Secretary VILSACK. Well, I know that we have had an 18 percent reduction prior to this year, an 18 percent reduction in FSA employees. And I know that we are very conscious of making sure that we do not disproportionately impact outside of the D.C. area.

And in fact, we are in the process now of consolidating our offices to be able to save rent space on folks who are located in the Capital District that are not physically in our building, the Whitten Building, or the South Building.

Mr. ROGERS. Would you for the record furnish—

Secretary VILSACK. Sure. Sure.

Mr. ROGERS [continuing]. On staff numbers, and increases or decreases and what have you, so that we have got a picture of where you are?

Secretary VILSACK. That is a fair request. Absolutely.

[The information follows:]

Between 2009 and 2014, the total USDA staffing level decreased by over 10,000 staff years - about 10 percent - while the Department delivered record levels of service to rural America. Although the 2016 budget includes proposed staffing increases in selected areas, staffing levels in 2016 would remain about 4 percent below 2009 levels. Since 2009, the Department has successfully implemented significant new and expanded programs to address key priorities authorized in the Healthy, Hunger Free Kids Act, the 2014 Farm Bill and other legislation. This has been possible in large part through our aggressive effort to improve technology and implement administrative efficiencies, including shared services.

As part of our focus on administrative improvements, the Department has developed highly efficient service providers that perform core financial and information technology services for agencies within the Department and also for other Federal agencies. A large share of the 25 percent increase in staffing between 2009 and 2016 for offices that perform departmental activities - 85 percent - is due to additional reimbursable operations performed by some of these offices but wholly paid by customers benefiting from those services. Almost three quarters of the reimbursable operations increase is for services provided to Non-USDA customers as part of the effort to provide shared services across the government to improve the efficiency and effectiveness of government operations. Reimbursable services are centrally-managed operations such as financial management services, including payroll processing, and information technology hosting, and are financed through USDA's Working Capital Fund on a fully reimbursable fee-for-service basis.

In addition to the staffing increases described above for reimbursable operations, increases reflect the focus on cyber security and the establishment of the Office of Advocacy and Outreach as directed in the 2008 Farm Bill. Further, the 2016 budget request includes an increase of 44 staff years for OCIO to establish a Digital Service team as part of a government-wide effort to improve the management and oversight of major information technology investments.

Mr. ROGERS. Because the request that you have for additional staff in headquarters is rather shocking.

Thank you, Mr. Chairman.

Mr. ADERHOLT. Thank you.

Along with the chairman, we are also happy to have the ranking member with us, Mrs. Lowey. So you are recognized.

#### SNAP—ELDERLY PARTICIPATION

Mrs. LOWEY. Thank you very much, Mr. Chairman.

And Secretary Vilsack, welcome. I want to thank you for coming before the Agriculture Subcommittee today. And as I am sure others did, I apologize for not coming on time, but we have four Secretaries appearing before the Committee. So I want to thank Chairman Aderholt and Ranking Member Farr for having this hearing to discuss the fiscal year 2016 budget request.

There are many areas, but what I want to do is limit my questions to two. One is SNAP for the elderly. I was really shocked by this report. According to the National Council on Aging, over 4 million low income seniors rely on SNAP to put food on the table. The amount of seniors facing food insecurity has more than doubled—this is the United States of America—since 2001. And yet three out of five seniors who qualify for SNAP benefits do not apply.

Your budget requests \$9 million to work with States to improve access to SNAP for low income seniors, and I thank you. How do you plan to target eligible seniors, to prevent senior hunger? What obstacles does the Department face in getting the message out about SNAP for the elderly?

Secretary VILSACK. Congresswoman, thank you very much for the question. If I can just take five seconds of your time.

Mr. Chairman, part of those numbers are the National Finance Center, which is located in New Orleans. And perhaps the increase of that number is a result of the fact that we are taking on more responsibility for processing applications and paperwork and payroll for a variety of other sister agencies, which actually saves money over time. But we will get you more detailed information about that.

I appreciate the question about SNAP and the elderly. I too am concerned about the fact that only 42 percent of eligible folks are receiving the benefits. And what we have found out from our initial study is that the process is cumbersome. The process requires annual recertification, which is difficult and problematic for seniors, who may not have adequate transportation.

And so what we are looking at is a way in which we might be able to streamline the application process, make it a little bit easier for folks to understand the application process, and take a look at perhaps not having the need for annual recertification, given the fact that these seniors are most likely not going to be employed or their financial circumstances are not going to change significantly. They are probably living on a very, very small Social Security check.

And also getting over the hurdle that many have, where they see this as something that they do not have the right to receive, and that is a generational issue that we are going to have to address and deal with.

Mrs. LOWEY. This has been going on for a long time. And I understand attitudes take time to change, but in terms of the process, how big a hurdle is that?

Secretary VILSACK. Well, I think it is a significant hurdle. But I think perhaps what has happened is that we have paid a lot of attention to children. We have paid a lot of attention to families. But we have forgotten about this component, which is equally important, which are seniors.

And now, because of these numbers, we are going to put a little more attention and focus on it. My hope is that that will make a difference in the numbers. And I will tell you that when we have put a focus on certain States and certain groups of people, we have seen increases. We are now at 83 percent of eligibles participating, which I suspect is probably close to a record if not a record level of participation.

#### CHILD NUTRITION

Mrs. LOWEY. Thank you. Now, you said we have paid attention to children. I guess so. But when I was looking at those statistics, according to the Centers for Disease Control and Prevention (CDC), more than one in five children between the ages of 12 and 19 are obese. This has long-term consequences to the health of our Nation as well as our economy.

We know that children and adolescents who are obese early in life are more likely to suffer significant health problems, type 2 diabetes, strokes, and cancer, among others. The USDA has been tasked with improving school lunches, child nutrition, and increasing standards under WIC.

I have worked on this issue a long, long time. In fact, I can remember—oh, gosh, I was working at the State before I got to Congress—and we were hiring the unemployed, helping them work in school lunch programs, having them use commodities, teaching them how to prepare healthy foods.

Can you tell me about any new programs you have, or what does the Department do to improve childhood nutrition in the coming year? Or you can talk about an old program if that maybe has not been working as successfully and we would like to make it more successful.

Secretary VILSACK. Well, this is an issue that has evolved over time. It is an issue that is not necessarily going to be resolved in a short period of time. It is going to take time. We have reformulated the WIC package. We have instituted many of the Healthy, Hunger-Free Kids proposals. We are helping school districts; 93 percent of school districts have adopted those guidelines and proposals.

We are helping those who were having difficulty with a variety of programs—Smarter Lunchroom grants; school equipment grants; additional recipes from a recipe contest that makes it easier for people to do nutritious meals; expanding the school breakfast program—that is a focus of this year's efforts; also, expanding the summer feeding program, and using innovative and creative ways to get more kids covered. And we have seen 23 million additional meals served since 2010, when we began this effort.

And so we are focused on a holistic effort. Within SNAP, we are engaged in educating SNAP recipients on healthy choices, and we are providing opportunities through the Food Insecurity Nutrition Initiative to provide point-of-sale incentives for more fruits and vegetables and healthier foods.

We are also expanding the opportunity for locally and regionally produced foods, and particularly fruits and vegetables, through a series of pilots that were authorized in the Farm Bill. So there is an awful lot of activity in this area, but I think it is going to be over a long period of time that it will take for attitudes to change, for the food processing industry to make adjustments—which they are making—reducing sugar, reducing sodium, reducing the fat content of certain items.

And I will tell you, the 70 percent of elementary school kids surveyed in a recent survey I saw are embracing these changes. Even 63 percent of high school kids are embracing these changes. I know when I was governor, if I had a 70 percent approval rating or 63 percent approval rating, I was doing okay. Probably folks here would be okay with those; maybe your numbers are higher. I do not know.

But it is going to take time, and it is going to take effort. And it also has to take understanding. This chart—I have shown it three times now—this explains to me a lot of the challenges that are faced because some of these areas and some of these school districts that are doing it are poor. They are poor. And they are pinching pennies, and they are finding it difficult. And we are trying to provide help.

We created a program called Team Up for Success, where we are taking schools that are having a hard time adjusting to these new standards and pairing them up with similarly situated schools who have embraced them so they have a mentor. And we are providing assistance from the University of Mississippi and their nutrition center, and from Cornell and its nutrition work, for strategies to make it a little bit easier for these school districts. But you have to have some understanding of the challenges that some school districts face with poverty.

Mrs. LOWEY. I just want to say, in conclusion, I really appreciate the work you are doing. Some of us, especially my colleague Congresswoman Pingree, have been working on these issues for a very long time, and I would love you to keep us posted.

It seems to me we have been talking about these issues a long time, and there are some successes. And maybe we have to publicize them more and help those who are having the success visit school districts who are having problem. But even in poor school districts, and I think of one in particular, using government commodities you can be creative; and using some of the fresh food around, maybe they can be even be more creative.

But I appreciate the work you are doing, and I look forward to getting regular updates, as I know Ms. Pingree and other members of the committee would appreciate as well. So I thank you. Thank you, Mr. Chairman.

Mr. ADERHOLT. Mr. Bishop.

## ARC AND PLC PROGRAM COVERAGE

Mr. BISHOP. Thank you very much. Welcome, Mr. Secretary, and I apologize for my delinquency. I had three Subcommittees scheduled at the same time, one of which I am ranking member on. I really wanted to get here, though, because I did have some questions. But first I have two thank yous for you.

I was very pleased to see that the President's budget for fiscal year 2016 included a significant investment of almost \$114 million for a new Research Service Agricultural poultry laboratory. As you may or may not know, I am co-chair of the Congressional Chicken Caucus, and Georgia, of course, is the number one producer and exporter of poultry in the country. At another time—I am not going to ask you now—I would like for you to give us an update on the progress of that.

The second thank you has to do with the broadband wireless technology project. You recall that you visited in 2010 in rural Southwest Georgia. We experienced significant delays and a number of problems and challenges. But I just learned last week that Rural Utilities Service (RUS) 2 has signed off on the final contracts. There has been a readjustment there.

The City of Albany has assumed responsibility for that project, and it looks like it will enable thousands of rural residents in our Southwest Georgia area to get high-speed internet for the first time. So I just want to thank you for that, and thank the RUS staff for continuously working with us on that.

I want to get to a more substantive generic question with regard to cotton. The 2014 Farm Bill transitions existing cotton base to generic base. And allowing the traditional cotton base to be protected as generic base has given farmers in my State a tremendous amount of flexibility in planning while still providing an adequate safety net.

If a producer has generic base, the quantity of payment acres determined may not include any crops that are subsequently planted during the same crop year on the same land for which the first crop is eligible for price loss coverage or agriculture risk coverage payments.

For example, the provision would penalize a farmer who plants a cover commodity such as oats or wheat for grazing and then follows behind on the same land with corn that was planted and harvested. That producer has to take the base on the first crop despite the fact that crops used for grazing are often or not ever harvested.

Is there anything that USDA can do to exempt cover commodities that are used for grazing and not taken to harvest from the generic base allocation?

Secretary VILSACK. Congressman, the Farm Bill does provide for some flexibility relative to cover crops with the ARC and PLC program, but it is very, very specific. If it is used for haying and grazing, wheats, oats, other crops that are used for haying and grazing, that is okay. The law does not allow us to use it if it is for cover only.

So there is sort of a glitch potentially or a modification that may be required in terms of our statutory authority. We will work with

the flexibilities we are given, but we cannot work outside of the flexibilities you all have given us.

#### BIOBASED MARKETS PROGRAM-FOREST PRODUCTS

Mr. BISHOP. Thank you for that. It is a problem, and hopefully we can work together to try to alleviate that glitch.

Let me also thank you for your leadership in promoting wood products in building construction through both your symposium last March, "Building With Wood and Jobs in the Environment," and the launch of your Tall Wood Building competition. Of course, for Georgia, wood products are incredibly important and where processing and manufacturing of forest products employs almost 150,000 people in the State and supports 504,000 family woodland owners who supply most of the industry with raw material.

The recent Farm Bill made some changes to the Biobased Markets program which will provide opportunities to strengthen markets for forest products, which is again a key economic driver. With the strong markets for forest products, we have got healthier forests and stronger rural economies.

Can you provide an update now that USDA has begun to implement the changes to the Biobased Markets program to include forest products, and how is that program working for forest products, and what are the next plans for implementation?

Secretary VILSACK. Well, we are getting the word out about it, and I think it is going to take a little while in terms of BioPreferred programs for the word to get out. But we are in the process of advertising that.

We are excited about the response on the Biomass Crop Assistance Program (BCAP) to the utilization of woody biomass. I think it is something in the neighborhood of 300,000 tons of woody biomass was created and supported through the recent BCAP announcement.

And we are also really excited about this tall building competition. I think it is going to be amazing to see 20-, 30-story buildings made solely from wood in some of our major cities. We were very pleased with the reaction, and in fact, the Softwood Lumber Council was so impressed with the applications we received that they added another million dollars to the contest. So it is now basically a \$3 million pot, which is going to enable us, I think, to fund more than one project, which I think is really going to get people's attention.

#### COUNTRY OF ORIGIN LABELING (COOL) PROGRAM

Mr. BISHOP. Okay. Finally, and before my time runs out, the COOL program, a couple of years ago the World Trade Organization (WTO) issued a decision favoring Mexico and Canada with respect to the Country of Origin Labeling, and specifically the treatment of Canadian and Mexican cattle imports to the USA resulting from our COOL law and procedures.

Under the law, cattle either processed in Canada or Mexico or imported to the U.S. from Mexico or Canada must be labeled, and of course the WTO found that it prejudiced U.S. consumers against Mexican and Canadian beef. Can you give us a status of USDA's activities in that regard?

Secretary VILSACK. Congressman, the process is under appeal with WTO. We are expecting a decision some time this spring. There are two options here. We either win the appeal or Congress has to change the law because we cannot navigate a requirement that we label with U.S. product without segregating U.S. product. And once we segregate, WTO comes into play.

So either there has to be a generic label established by Congress or you have to essentially repeal what is in the current law if we lose the WTO appeal. Those are the two options.

Mr. BISHOP. Thank you very much. My time is expired, but thank you very much.

Mr. ADERHOLT. Ms. Lowey. I am sorry, Ms. DeLauro.

#### SINGLE FOOD SAFETY AGENCY

Ms. DELAURO. Thank you very much, Mr. Chairman.

Good morning, Mr. Secretary. Sorry to be late in coming, but a lot of secretaries today on Capitol Hill testifying. Hello to you, but also if I might just say hello to Melinda Cep. USDA has got a number of former DeLauro employees on their staff, so I am pleased to see that they are there. And it is good to see you, Melinda.

I want to say thank you to you, Mr. Secretary, for your work in preserving and strengthening child nutrition, WIC, SNAP, commodity supplemental feeding programs. They are important programs. They lift people out of poverty. They assure our next generation is ready for the future.

To that end, while I was not here, I do understand that there were comments made about the SNAP program and the WIC program. I really believe it is unconscionable that folks would want to further cut SNAP benefits when we know the program has been successful in helping families. Low wage recovery, sluggish job growth, this was a lifeline.

Actually, the House Agriculture Committee views an estimates letter shows bipartisan agreement that SNAP costs are coming down. The SNAP error rate is very low. It declined from 2.77 in 2012 to 2.6 in fiscal year 2013.

With regard to WIC, it is highly effective. It reduces the probability of high-risk births, especially in very premature and low birth weight babies. And for every dollar we spend on a pregnant woman in WIC, it is up to \$4.21 is saved in Medicaid for her and her baby. So I think we should take a hard look at the value of these programs before we comment about their inefficiencies, maybe link to some other programs that are inefficient.

I am going to try to tick off two or three quick questions because I have to go back.

A proposed consolidation of the Food Safety and Inspection Service (FSIS) and food safety activities, you and I have had this conversation many times. You know I am a supporter of an independent agency. I know you have expressed support for this proposal. I agree it is a good first step.

Can you talk about your thinking on the issue and why you think an independent food safety agency within HHS is the way to go? You also know that I have felt that FSIS and the food safety functions of FDA were back burner issues and that this kind of an

approach for a single effort would be more beneficial for food safety.

Secretary VILSACK. Fifteen different agencies have some jurisdiction or some responsibility for food safety, and it creates 15 opportunities for the right hand not to know what the left hand knows and not to be able to react and respond accurately and quickly. And this proposal is a way of underscoring the fact that the President ought to have the ability to reorganize and restructure the Executive Branch of government for greater efficiency.

To me, it is about food safety. It is about making sure that everyone knows what they need to know when they need to know it so that we can prevent food safety issues or be able to respond to them as quickly as possible so that we can prevent more foodborne illness.

We still have work to do. If you put this in the context of the number of meals that are served every day in this country and the number of items in each meal, we are talking about over a trillion opportunities for foodborne illness. So when we look at the numbers in that context, I think we can say that we have a relatively safe food supply.

But when 45 million people have a foodborne illness, when 130,000 of them are hospitalized and several thousand unfortunately and tragically die, there is still obviously work to do. And one way to do it is to create a more efficient system, and that suggests a single food safety agency. And I really take issue with the notion that by doing that, that somehow you are going to put all of this on the back burner.

I can tell you the people that work in my shop and the people that are in my office, we take this issue very seriously, which is why we have proposed a number of changes in terms of E. coli, a number of changes in terms of Salmonella and Campylobacter, that I think do suggest that we take this seriously, and it is not a back burner issue and it should not be. It should never be. And a single food safety agency is not going to make it a back burner issue, regardless of what other jurisdictional issues—

#### BEEF LABELING RULES

Ms. DELAURO. I do not expect it will be a back burner issue. We have often seen the opportunity because you have dual missions in both you and the FDA with regard to promotion of product. And FDA has so much on its plate—excuse the pun—that it has been difficult to really address the food safety issues. I am of the view that this is a good first step in moving forward, and my hope is that you all will be sending legislation here so that we can look at it.

Let me move to mechanically tenderized beef. I have been for nearly a decade been urging the Department to finalize the mechanically tenderized beef labeling rule. A comment period closed on December 24th.

My questions are, why did it take USDA until November 21, 2014—December 24, 2013 is when it closed—2014 to transmit the final rule to the Office of Management and Budget? What is the holdup with getting the rule finalized? Will the USDA take action

to suspend the provisions of the uniform labeling regulation in order to implement the rule in 2016 and 2018?

Let me just at the same time talk about the beef grinding rule. I will not go through the background on that; I do know my colleague, Ms. Pingree, is interested in this. But what is the status of this proposed rule? Do you intend to move forward with the rule soon? Will there be further delays? And will you move forward with the rule even if there is industry opposition?

Secretary VILSACK. I am not quite sure where to start yet. I will try to answer all those questions. I hope I do not forget them.

Ms. DELAURO. Well, no. Will USDA take action to suspend—

Secretary VILSACK. Yes.

Ms. DELAURO. What took us so long and what held up the role on mechanically tenderized beef? Will we suspend provisions of uniform labeling in order to move in 2016 versus 2018?

Secretary VILSACK. We obviously have to take the comments that are provided seriously, and we have to review them, and we take our time to make sure that we comply with the administrative process.

Having said that, I think you have a legitimate concern about the fact that because we were delayed, that under the Uniform Labeling Act, that this will not become effective in 2018. You find that unacceptable, and frankly, I do, too. So we are going to suspend that and we are going to move the timeline up.

Ms. DELAURO. Thank you. Thank you very much.

Secretary VILSACK. On the—

Ms. DELAURO. Grinding.

Secretary VILSACK [continuing]. Grinding laws, we are proceeding with that, and I can assure you that we understand the importance of getting that done. We have had a recent issue in Massachusetts that suggests the need for this, and we are going to proceed forward with it.

#### TRADE AGREEMENT NEGOTIATIONS

Ms. DELAURO. Thank you. Thank you very much. I am going to get an extra two minutes, and then I will depart.

TPP trade questions, Mr. Secretary. There was a report from the Administration saying that completing the Trans-Pacific Partnership (TPP) provides the opportunity to open markets, lower tariffs, and help support an additional 650,000 jobs. Washington Post Fact Checker found this claim to be patently false. In the Post analysis, it was discovered that the net effect of the TPP on jobs was zero.

In October 2014, a report issued by USDA calculated that if the TPP in fact slashed all tariffs and the tariff rate is to zero, it would not alter U.S. gross domestic product at all. In the first two years of the Korea free trade agreement, U.S. exports to Korea declined, growing trade deficits with the country that resulted in nearly 60,000 lost jobs.

Given the findings as reported by the USDA and the threat that the 11-nation TPP poses to jobs and wages for the average American worker, how does the Administration justify the pursuit of fast track authority for this trade deal?

If I can, I would like to ask a couple of other questions, and if you do not get to them, we can get back for the record.

The Transpacific Trade and Investment Partnership (TTIP) negotiations, the European Union would like for FSIS to grant equivalency status to the entire E.U. as a whole for its inspection systems for meat, poultry, and engaging products rather than conducting equivalency determinations for each individual country in the E.U. What is the USDA position on this approach?

And for APHIS, reports of the current trade negotiations indicate that there might be a new sanitary or phytosanitary dispute mechanism to speed up resolution of possible disagreements. Is it true? If so, how will this mechanism impact both APHIS and FSIS rule-making processes for imported processes? How will that impact imported inspection systems that are currently in place?

Secretary VILSACK. The sanitary-phytosanitary (SPS) decision-making process ought not to alter the inspection process that is required for imports to ensure producers and consumers of the safety of whatever is being imported.

On TTIP and recently with beef, we have indicated a strong desire that each individual country meet its responsibilities. That is the way we are approaching this today, and I do not know of any reason why that would change because we have to be assuring our consumers of the equivalency in terms of safety.

In terms of TPP, I will tell you that obviously we are going to have a disagreement on whether or not this is going to create opportunity for agriculture and whether or not that opportunity in expanded exports will create jobs. It is certainly true that free trade agreements have increased agricultural exports by 130 percent, and our determination is for every billion dollars of agriculture trade, roughly 6500 jobs are supported. And so if you are going to expand trade opportunities to a middle class that is expanding exponentially, you are going to create jobs. You are going to create additional market opportunities for farmers.

The last thing I would say is one of the most important reasons for TPP is to make sure that China does not write the rules. And I can assure you that Ambassador Froman is working extremely hard to make sure that the labor and environment standards that are in this TPP are historic in nature and cement significant gains in terms of labor and environment. And I frankly do not want China to be writing those rules. I would prefer the United States write those.

Ms. DELAURO. Well, Mr. Secretary, with respect to China, et cetera, the way that we can really deal with China is to deal with currency, and currency is not going to be part of the TPP.

Secretary VILSACK. That is a whole 'nother issue.

Ms. DELAURO. It is a whole other issue. But that geopolitical issue is not one that has really to do with middle class families and their ability to have a job, to maintain a job, and to maintain good wages. Thank you very much.

#### SCHOOL MEALS REGULATIONS

Mr. ADERHOLT. Sure. Thank you. And I think we have gotten through everyone once. What we will do is we will do another round, and we will conclude with this round. Instead of staying hard and fast to the five-minute rule, we will be a little bit lenient on that so we can go ahead and conclude.

I know, from our meeting yesterday, you said this is your second day of testifying on the Hill, so I know that you have had a rigorous couple of days. I know there are other meetings after the noon hour. So we will try to do this one round. But again, if you want to go a little bit over five minutes, we will accommodate that just so we can go ahead and make sure that we can get everybody in the next round.

We have talked a little bit about school meals, and I think every Member of Congress—and I cannot imagine any Member of Congress that would not want a healthy, balanced meal for our schoolchildren. I mean, I think that is a given. There is nobody that I know that is advocating of trying to give unhealthy meals or anything that would be harmful to students in any way.

My efforts on the school meal issue that I have worked on really stem back from what I have heard back in my district. Some people have indicated that it is some kind of industry or something comments. I have not really even talked to industry about it. It stems back, actually, from conversations that I have had with the nutritionists at the schools.

One in particular, Ms. Evelyn Hicks, she works in one of the schools in my home county of Winston County, serves students every day, and she is the one that told me about the struggles that she was facing with the new regulations. I am pleased that we were able to gain some flexibility on the whole grain requirements and the sodium standards in the fiscal year 2015 omnibus. I appreciate the Department promptly issuing the guidance memos to States so that they can begin implementing the whole grain flexibilities.

I realize that child nutrition programs are up for reauthorization this year in the authorizing Committee. But as the process moves forward, I would hope we could work together to find solutions to the specific challenges facing our schools, such as flexibility with Smart Snack regulations, a longer-term solution to whole grain and sodium requirements, and any other areas where we can bring practical and strategic fixes to the program.

And I would just like to ask you if you would commit to working with us to provide school flexibility on these particular areas that will help provide and serve healthy meals without continued financial strain.

Secretary VILSACK. Mr. Chairman, I think the USDA has been always willing to provide flexibility where it is warranted and needed, and we will certainly work with everybody and anybody. What we are concerned about, and I take reassurance from your comments, that we do not get into a situation where flexibility is a vehicle through which we take a significant step backward from the forward steps we have taken on child nutrition.

So we are happy to work with folks, and I think we have reflected that. And our willingness to work with our Team Up for Success program, our willingness to do the Smarter Lunchroom grant program, our school equipment grant proposals, are all designed to provide and equip school districts with the tools that they need to comply. We want this to work.

## SINGLE FOOD SAFETY AGENCY

Mr. ADERHOLT. Thank you. Let me switch issues here, the single food safety agency. The President's budget proposes transitioning to a single food safety agency by combining the Food Safety and Inspection Service and the food activities within the Food and Drug Administration to one agency under the Department of Health and Human Services. Support for the President's single food safety agency among consumer advocacy groups, and certainly the regulated industry, appear to be slim to nonexistent.

Could you explain to the Committee how rearranging boxes on the organizational chart would produce a favorable public health outcome? And why do you think that the Health and Human Services can provide better leadership over food safety issues than the USDA?

Secretary VILSACK. Well, Mr. Chairman, the President's budget uses this as an example for making the case for the ability of the Executive Branch to have the capacity to reorganize. And I think the President, as the chief executive officer of the Executive Branch, ought to have that authority.

Let me say that we have had circumstances in the time that I have been secretary where there has been information that HHS and FDA may have had that would have impacted and affected some decision-making that we would make relative to school meals, for example, or circumstances where we had information where HHS might have been better off understanding immediately.

There is this risk in any system that has multiple parts and multiple jurisdictional operations of the right hand not knowing what the left hand knows and not knowing it as quickly as they need to know it. So a single food safety agency, regardless of where it is located, would essentially eliminate that risk.

And I think it is a significant risk and one that we are always conscious of in an effort to try to communicate with our sister agencies. But there are a number of agencies that are involved in this, and reorganizing would, I think, provide less risky circumstances.

The location of it, I think it is just simply we do 20 percent of food inspection. They do 80 percent. It is just, where is the bulk of the work currently being done? And with respect to consumer groups and the industry, I think they are assuming that if this were to happen, that somehow all of this would get lost in a large organization, and nobody would care about it, and it would not be adequately funded.

I just do not think that is the case. That is certainly not how I would approach it, and I cannot imagine that Secretary Burwell or future secretaries of this department or her department would think that food safety was a back burner issue. It just is not.

Mr. ADERHOLT. Is there any scientific evidence that consolidation would reduce the number of foodborne illnesses and provide a safer system?

Secretary VILSACK. Well, I would be happy to research that question, and it is a legitimate question. But I will tell you from my own experience recently in having spoken to the mother and father of a young fellow who died as a result of consuming tainted meat, that when you look at the timeline, when you look at the relation-

ship between the State health department and FDA and USDA, I do not know if the time would have made a difference.

But there were gaps in when people knew information. And it led me believe that if those gaps did not exist, then that would be one less question we would have to ask about our system. But because they did exist, it is a question I asked: What can we do to make sure that those gaps do not exist in the current system? And the one way for sure that those gaps would not exist would be if you had just one agency.

And you would also have better accountability because you would be able to point the finger at the agency that is responsible for food safety and say, why did you not do your job? Today it is very difficult. If you look at individual cases, it is very difficult to determine exactly where the fault might lie if there is a problem and a delay.

#### DIETARY GUIDELINES FOR AMERICANS

Mr. ADERHOLT. Well, let me just say there is a lot of skepticism about this. And over the years, we have seen these type of proposals that would make some giant food safety agency, and there has been outbreaks and increases of foodborne illnesses that we have seen. So I just want to add that there is some skepticism, and unless we can see some scientific proof, there is going to be continued reluctance.

As my time concludes and I go on to Mr. Farr, let me just follow up with—we were talking earlier about the Dietary Guidelines. And a couple other members have mentioned that in addition to my question. And understanding the tremendous amount of information and the literature from constituencies that have to be reviewed as you move forward in your taking public comment, would there be any harm in extending the comment period for an additional 60 days so that all the relevant data can be received?

Secretary VILSACK. Given your request, Mr. Chairman, I would be happy to visit with Secretary Burwell. As you know, the Department of Health and Human Services is the lead agency in the formulation of these guidelines. We were the lead agency five years ago. And in deference to her and her department, I would want to make sure that I had a chance to visit with her. But I would be happy to do that if that would be all right with you.

Mr. ADERHOLT. Thank you. That would be great. Thank you.

Mr. Farr.

#### ORGANIC AQUACULTURE RULE

Mr. FARR. Thank you very much for asking those questions. I hope that as you requested of the secretary to extend the comment period, I hope that our Committee will also extend the comment period for the impact of the Budget Committee's decision on what our expenditure level is in this Committee so that if it is less than what the Administration is asking for, we can have an extended comment period on how we feel about those impacts and really get the facts on what the consequences are going to be.

I also wonder—Mr. Secretary, I think you are in a position in an agency—and I think you are the longest-serving Secretary now. You certainly have an incredible, distinguished background as a

national leader, even being a candidate for President of the United States. I would hope that you realize that you can do a lot of message-making in this country that is beyond perhaps other agencies, and a couple of them that I would like to address on.

One is this school meals, and I think that the chairman has got a legitimate concern. He is hearing from his constituencies that they do not like the way this program is being implemented. The kids are rejecting the food. Is there a way you can be a matchmaker and find school districts that are like the school districts that are rejecting it who have been successful?

There are a lot of school districts out there. We have got 1200 in California. I represent a K-12 school that only has 33 students, a public school district in a really rural area. So it is all types. And I am sure that there are schools that are saying this is too hard, too difficult. The kids do not like it.

The same size school somewhere else is saying, this is a great challenge and we have done some marvelous teaching opportunities with it. And if perhaps you could be the matchmaker to match up these successful and unsuccessful schools so that there will not be such a fight here in Congress to delay or opt out of the program.

Second comment: I think that the biggest street battle, other than your issues on trade, are the discussions of GMOs, a totally confusing subject matter that the media and internet has taken it over. I think if we do not speak out quickly on the science side of it, we are going to lose the debate.

California is going to go to a statewide initiative; I think it will pass. In the food area you are going to begin seeing what has happened in this chaos with—I hate to use the analogy, but it is the medical marijuana, where you have 33 States that have 33 different opinions that are totally opposite of what the Federal law is.

And there is just really mass confusion out there, and what you do in the end is lose respect for government. People who want to disobey the law have all kinds of reasons. And I think the Federal Government is hurting in its respect, and that is why voter turnout is so low.

So a couple of these issues I think we have to get in front of. I think you are trying to do with that with the trade issue. But I do not think we have done a very good job between USDA and Food and Drug Administration to really get to the bottom of the GMO issue. And I hope that you will find a way that we could ratchet up that, get a discussion on the facts.

And lastly I want to ask you, and this is one I want an answer to, why are you delaying or why is the Department delaying the rulemaking on organic aquaculture? It seems that suggestions for that rule have been in the books for a long time. In fact, some of my people have invested heavily in organic aquaculture, and they are waiting for that rule in order to stimulate the business.

Secretary VILSACK. Congressman, your question was longer than my presidential campaign, so I appreciate your mentioning that. [Laughter.]

The issue with aquaculture is just simply a matter of prioritization. You have limited people, lots of work to do, and the question is, how can you do the most amount of work that is going to implement the most amount of people effectively? This is an

issue that we do take seriously, but there were competing rules. And you are bringing it up, so I will—

Mr. FARR. A lot of work that gets to rulemaking by very wise people who have gone in, volunteering their time for years to make the suggestions.

#### GENETICALLY MODIFIED ORGANISMS

Secretary VILSACK. That is true of many of the rules that we are engaged in, and that is the issue. But I take your concern.

With the Chairman's permission and your permission, Congressman Farr, I have got to respond to the concerns that you expressed about stepping up the advocacy on some of these issues. On the GMO issue, we in USDA sponsored an AC-21 group, which brought organic and GMO and conventional producers together in a room and said, look, help us identify the steps that we need to take to make sure that everyone can basically get along here.

And they essentially focused on the need for seed integrity. They focused on the need for better stewardship, focused on the need for risk management tools, focused on the need for a communication process. And I will tell you that we have made progress on every single one of those recommendations.

Now, we are now scheduling a second followup conference that is going to take place in a couple of weeks at North Carolina State where we are going to bring folks back and we are going to have an additional conversation, say, well, now we have done all of this; what is the next thing we need to do?

So we have been heavily engaged in this issue. And I have been addressing this issue of labeling in a way that I think makes sense, and would hope that Congress, at the end of the day, understands this. You have got these referendums. You are right, you cannot have 50 different sets of rules. That is crazy. It is not going to work. The courts are not going to allow it. And you cannot necessarily label something that suggests that there is something unsafe about the product when that is not the case.

What you can do is you can use this bar code, and you can extend the bar code, so that people who are genuinely interested and wanting to know what is in this particular product can, with a smartphone or a scanner at a grocery store, get all the information they want about a product in a way that conveys, you have the right to know but you do not have the right to know in a way that conveys a misperception about the product.

If you had an extended bar code and we were engaged in it or FDA engaged in it, somebody is engaged in basically creating the template for what information would be in that extended bar code, industry could solve that issue in a heartbeat. You would not need 50 different regulations. You would not need referendums. Consumers would have the right to know. They could make a choice.

If they are informed, or if they do not care, as many consumers are more concerned about price or quality or whatever, then you are not creating a misperception about the product. That seems to me to be a way of furthering the process and addressing this issue.

And then finally, on the issue of schools, we are in fact doing exactly what you are suggesting. We created this Team Up process. We had a pilot where we brought I think it is about a half a dozen

schools to Mississippi, the University of Mississippi. They were down there for a day and a half. We brought a companion number of school districts that were successfully implementing these efforts and said, what can you learn from each other? And then we had a day and a half of training and additional information.

We are following up, and we are proposing in this budget to extend this program in other parts of the country because legitimately, there are some school districts that struggle. And I do not have any doubt about that. And I have no doubt that the Chairman is right. These people are good folks and they care deeply about their kids and they want to do right by their kids. They just need help. And we are trying to provide help in a variety of different ways. And we will continue to do as much as we can to elevate this.

The last thing I will say is the challenge with this department is its portfolio is so broad that it is very hard—I mean, I do an hour of press a day on a variety of issues, and so I can get you the clippings and show you how much we have talked about this if you are interested. But trust me, we are working on these issues.

Mr. FARR. I am done.

Mr. ADERHOLT. Okay. Mr. Young.

#### FARM BILL PROGRAM ELIGIBILITY

Mr. YOUNG. Thank you, Mr. Chairman.

Mr. Secretary, we all want to be guardians of the taxpayer and stop abuse. In the 2014 Farm Bill, there is a requirement that USDA define those persons who are “actively engaged in farming” in order to receive federal farm payments. This provision will help end abuse of farm subsidies by limiting the number of individuals eligible for them.

When does the USDA expect to have a final rule on the definition of “actively engaged in farming” for payment restrictions? Can you provide any comment on that whole issue in general?

Secretary VILSACK. Congressman, I am a little hesitant to say when a final rule is available. But I can tell you that the proposal that we are going to put forward will be coming very soon for comment so that people will have the ability to weigh in on whatever it is we propose.

And let me also say that this is an issue which I hope the expectations meet the statutory reality, which is to say that when Congress fashioned the Farm Bill, it basically created a fairly narrow lane for the USDA to navigate on this issue. It is suggested that whatever we come up with is not going to necessarily impact family farming operations. It is not going to impact corporations because you only have a single payment limit anyway.

So what we are really focused on are limited and general partnerships, a couple percentage points, if you will, of the overall farming activity in the country. So it is a relatively small group of folks who are going to be impacted and affected by what we do.

The second thing I would say is that as we look at this, we have to make sure that there is an appreciation and understanding for the complexity and size, and the differing complexities and sizes, of operations around the country. What you and I are used to is fundamentally, I suspect, a little bit different than what the Chairman is used to, which is absolutely different than what Represent-

ative Farr is used to. And you have to understand that, and you have to appreciate that in formulating any kind of rule.

Last but certainly not least, we are all about trying to maintain confidence in this program. So it is important to close these loopholes so that people cannot unfairly criticize the safety net totally, which is ultimately what happens when there is an egregious circumstance. It taints the entire safety net, and the safety net is extremely important to maintain for producers.

Mr. YOUNG. I appreciate those comments and appreciate you being here today. Thanks for your service and your leadership. Many members here have thanked you for coming to their districts. I want to thank you for coming to my district every weekend or every other weekend since you live there and I see you at the airport.

Secretary VILSACK. We will see you at the Booneville Tap for breakfast.

Mr. YOUNG. I will take you up on that.

Mr. ADERHOLT. Ms. Pingree.

#### GENETICALLY MODIFIED ORGANISMS

Ms. PINGREE. Thank you, Mr. Chair.

Well, thank you. I know the topic of GMOs has come up several times in this hearing, and I appreciate your last overview on all the things you are working on. I will be looking forward to hearing what comes up in the next couple of weeks and maybe get a little more sophisticated understanding of how the bar code works. You brought that up last year, and if that is going to move forward at some point, it will be good for people to know more about it.

I just want to add in one other part of the conversation, a little bit about the brand integrity. You made the point in your testimony that organics has become a \$35 billion industry. I raise organic crops, have been involved in this topic since the 1970s, and I have really seen enormous change from this being a fringe sideline to now really a mainstream industry that certainly in New England has saved a lot of farms, brought people back to new markets, given people better pricing. There is a lot to be said about it.

I am always interested in how much young people are engaged in this topic, whether it is GMOs or organics. And you know, and I will not get too carried away here, but you know there are a lot of things about what goes into an organic label, including that the ingredients are non-GMO.

So last September I was a little distressed to read about the USDA's announcement that unapproved GMO wheat was discovered in the U.S. for the second time in as many years. And I know you know a lot about this, so I do not have to go through every detail here. But GMO wheat has not been approved for commercial usage. My understanding is that this wheat discovery was part of a drift left over from a Monsanto GMO field tried in the early 2000s.

In that same announcement, you said that you were closing the investigation into a May 2013 GMO wheat contamination episode in Oregon without really any explanation. I could go through all the details with you, but you know this question. It certainly

threatens the integrity of the market for people who market here and abroad.

And with the growth in this market and questions coming up, about some of the issues that will come in around trade as well, I want to know, what are you doing to amend the field trials for GMO crops to ensure that these types of contamination episodes are prevented in the future? Are you actually conducting future tests to determine the extent of the Monsanto contamination? Is there funding for this kind of testing?

I know I have heard the Department say before that some of the contamination issue could be solved by better neighbor-to-neighbor relations, and I understand that is an important part of it. I live in a small town. I know how important it is when people can communicate with their neighbor. There has been suggestion that there be some kind of insurance to protect people against this.

But I am worried that insurance and relationships do not take care of potential brand integrity. And as this market grows—and I know there are a lot of people who will debate forever about whether you should have a label, whether you should know if it is a GMO crop, or whatever—but the fact is the standards include and more, and more companies are saying, no GMO product can go into this brand. And as consumer demand grows, I do not want the USDA to be less vigilant about how we protect that.

Secretary VILSACK. Well, there are no doubt research projects underway, and no doubt we are holding those who are conducting the research to rigorous standards relative to safety. We are also expanding research on the issue of drift so that we have a better understanding of precisely what it is.

And I think there is going to be an executive board, if there is not already engaged, a discussion both domestically and internationally on precisely what it means to say that you are GMO-free. As testing mechanisms become extraordinarily precise, what is it, so many parts per what? And I do not know that anybody has the answer to that, but I would suggest that we collectively need to be asking that question and answering it so that the brand integrity is protected because it is a high-value proposition.

And the discussions of stewardship and risk management tools are designed to create an understanding or a perception that we understand the importance of maintaining that brand. And that is why we continue to look at ways to strengthen the organic program. It is why we are excited about the organic research initiative that we have launched through the Farm Bill. It is why we are excited about the marketing assistance that we are providing.

So it is a holistic effort because this is a growing aspect of agriculture, and you are correct that there is a lot of passion and enthusiasm, a lot of entrepreneurship, and it is a way for new and beginning farmers to enter without necessarily having to buy a very, very large operation.

Ms. PINGREE. Great. Well, I will end with that. And thank you again for your testimony and your presence here today.

Mr. ADERHOLT. Mr. Bishop.

## RURAL HOUSING PROGRAMS

Mr. BISHOP. Thank you very much. I have got a couple of questions.

The first one is regarding rural housing. Despite proposing an overall 7 percent increase in domestic discretionary funding, the Administration again proposed to cut the budget authority for USDA housing programs by more than 27 million. If enacted, the President's budget would cut rural housing programs by \$235 million, or 61 percent since 2010.

Likewise, USDA proposed to reduce the Section 523 Mutual Self-Help Housing program by 60 percent, or \$17.5 million to just \$10 million. This is a program where families work on nights and weekends to build their own home.

While these are relatively small programs, if utilized, they cumulatively represent enormous opportunities for constituents in my district and others on this Committee in rural areas. And given that the traditional public housing and Section 8 voucher programs are nearly nonexistent in rural communities, what can we do to make sure that there is an adequate supply of housing, particularly rental housing, for our rural and poor communities?

Secretary VILSACK. Congressman, your question, I think, requires me to point out that over one-half of the discretionary budget that I have control over and that you all make decisions on is allocated to food safety, rental assistance, WIC, and fire suppression and forest management. Just those four items.

All of those items are important. And in the rental assistance area in particular, because Congress over a period of years has gone from fully funding a unit for the life of the unit to doing it on a year-to-year basis, every single year for the next 10 years we are going to continue to see increases in rental assistance required unless we do a better job of adopting some of the reforms we have suggested because the programs that were funded for 20 years or 15 years or 10 years are going off that program, and they now have to be funded every single year. So it places a great deal of stress on housing generally because you have to continue to bump up rental assistance.

You have also a significant problem on the horizon, and this is something, Mr. Chairman, that we have not had a chance to talk to you about but we need to talk to you about, and that is that as the mortgages on these rental assistance properties are paid off, they fall out of the program and there is not a voucher associated with that. So you are looking at units coming out of the program, but you still are going to have families in need of the program.

And so I have asked my team to take a look at how we might be able to extend some of those mortgages, reduce payments for the property owner, and have the property owner commit to taking the additional income that they have and creating improvements to the property so that you get a continuation of the program, you get better units, but folks are not kicked out.

Mr. BISHOP. You do agree, though, that there is a need, and particularly as you look at StrikeForce and look at the persistent poverty counties across the country, that housing is as much a vital need as food and other economic activities.

Secretary VILSACK. No question about it. And this budget basically supports nearly a quarter of a million families in subsidized rental assistance and 171,000 home loans. But the reality is that when 50 percent of your budget is consumed by a small number of items, it puts a lot—

Mr. BISHOP. There is a lot of stress. I understand that.

Secretary VILSACK. There is a lot of pressure. And you have got to make decisions.

#### FARM SAFETY NET PROGRAMS

Mr. BISHOP. And the other thing, farm income and the farm safety net. A couple of weeks ago, the Economic Research Service (ERS) released its 2015 farm sector income forecast, which stated, "Net farm income is forecast to be \$73.6 billion in 2015, down nearly 32 percent from 2014's forecast of \$108 billion. The 2015 will be the lowest since 2009." They also pointed out that the annual value of U.S. crop production is expected to decline in 2015 from the 2013 record high value, reflecting net inventory loss and the third straight year of declining cash receipts for crops.

And then finally, the ERS reported that the net cash farm income is \$79,200 for all farm businesses in 2015, which is a decline of 22.7 percent from 2014, which represents the average amount of cash available to individual farmers to pay and service their debt, pay family living expenses, and make investments.

I know that agriculture is very cyclical. In one year you can record crops and income across commodity lines, and in another year farms can lose their shirts. And it is exactly that kind of volatility which led Congress to create farm support programs in the first place.

Let me ask you, should farm income continue to decline over the next few years, do you expect that the demand on our farm and our agriculture support programs will rise as well? And how is that going to be impacted by the worldwide agriculture competition?

And what do we have to look forward to, and how are we going to anticipate and deal with perhaps this trending for a decline in farm income if we are going to produce the highest quality, the safest, the most abundant, and economical food and fiber anywhere in the industrialized world, which is our claim to fame now?

Secretary VILSACK. You know, I get a little bit troubled by the headlines on farm income. Since pitchers and catchers reported recently to spring training, I have got kind of a baseball mentality here. You know, if I hit .370 as a ball player one year and I hit .320 the next year, I suppose you could say that my performance had declined. But my guess is that you would still be paid millions of dollars to hit .320.

And the reality is the farm income is coming off of record highs because commodity prices were exceedingly high. And that, frankly, created some stress on some aspects of agriculture, the livestock industry in particular. So we are going to see the livestock industry do a little bit better.

The answer to your question is a combination of producers making informed decisions about the market and understanding what they need to do in terms of planting. When you plant a record number of acres and you have decent weather, you are going to have

a heck of a crop. And when the rest of the world also at the same time has a heck of a crop, then you have got abundance, and that obviously is going to drive prices down.

So I would expect and anticipate that people will start making some market decisions about what they farm and what they grow, and the market will adjust, and that will affect. The second thing is—

Mr. BISHOP. Does that mean that you are going to have to get involved in more closely advising and educating the agriculture community perhaps better than has been done in the last two or three years?

Secretary VILSACK. Not necessarily. I think it is—

Mr. BISHOP. Because obviously, somebody has not been planning consistently with what the expected—

Secretary VILSACK. Well, no. Farmers, Congressman, have done this forever. This is not a new phenomenon. It is very cyclical, and the reality is that is why you have got safety net programs. That is why we expect the safety net programs are probably going to get triggered sooner than it was anticipated when the Farm Bill was signed.

And it is why we are going to continue to focus on marketing opportunities. It is why you need trade. It is why you need trade promotion authority. It is why you need trade agreements that allow us to move more product to market, and why you need to focus on the efficiencies.

It is why you have to find additional uses for these products, which is why this Administration supports the biofuel industry and the bioeconomy, the ability to take agricultural waste product and convert it into a variety of other materials, which the Farm Bill is now going to allow us to do.

So it is a combination of all those things. The key here is making sure right now that producers, as they make a very important decision that they have to make—we have had over nearly 5,000 interactions with the producers about ARC and PLC, what their options are. We have created computer models that they can put their numbers into; over 176,000 folks have utilized that.

And hopefully by the end of March they are in a position to determine for us, for the next four or five years, ARC is better or PLC is better, and that they make the most informed decision. That is the focus right now, making the most informed decision about the safety net.

Mr. BISHOP. Thank you.

#### MEAT ANIMAL RESEARCH CENTER

Mr. ADERHOLT. Thank you, Mr. Bishop.

Before we adjourn the hearing, I want to just mention a couple of key areas that are important to the subcommittee. As States begin issuing exemptions to schools that are seeking flexibility from the school meal whole grain requirements, I would ask that you would keep the subcommittee informed of the process.

Second, I also appreciate the Department issuing the guidance to WIC State agencies, allowing participants to purchase white potatoes with their cash value vouchers. As the Institute of Medicine

continues its review of the WIC food package, I would ask that you would also keep the subcommittee apprised.

As you know, the fiscal year 2015 omnibus contains report language directing you to submit a report with language of legislative changes needed to implement the Country of Origin Labeling, otherwise known as COOL, that complies with international trade obligations. The report is due no later than May 1st, and we look forward to receiving that report at that time.

Lastly, Mr. Farr and I have asked the Inspector General to conduct an audit of the Meat Animal Research Center (MARC), and we have heard about the review that you have ordered. And on behalf of the Subcommittee, we would like to request that you share the results with us on that as soon as you are able to do that.

Secretary VILSACK. Can I comment on that issue?

Mr. ADERHOLT. Yes, please.

Secretary VILSACK. As you know, we did order a review. I want to make sure that everyone understands the three primary reasons for ordering that review.

First is to make sure that we identify current practices versus prior practices because the Times article that generated this really had—it was difficult to determine whether they were talking about things that occurred 20 years ago or 30 years ago or things that were occurring in the very recent past.

Secondly, to make sure that we identify the responsible party, we have a standard that is not statutorily required but that we do wish to live up to, which is the animal welfare standard. Research that is done at these facilities oftentimes involves multiple different parties other than ARS personnel, and so we want to make sure whatever concerns there might be, that we have identified who is responsible for that research.

And then finally, to the extent that there have been concerns that are legitimate, we want to make sure we get a set of recommendations that we can institute relatively quickly. We also have an ombudsman that we have appointed, and that ombudsman is going to be the recipient of any additional concerns. And that person is also going to conduct additional training.

And then once we receive the 60-day report, and we are happy to share it with you, we will also begin a process of reviewing other locations where there are research projects that we are involved in.

Mr. ADERHOLT. Thank you. And like I said, as you move forward, keep us posted on that. We would very much appreciate that.

And with that, the Subcommittee is adjourned.

UNITED STATES DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
QUESTIONS FOR THE RECORD  
HOUSE AGRICULTURE APPROPRIATIONS SUBCOMMITTEE HEARING  
FEBRUARY 25, 2015

QUESTIONS SUBMITTED BY CHAIRMAN ROBERT B. ADERHOLT

DIETARY GUIDELINES

Mr. Aderholt: I appreciate your recent comments that you have spent time reviewing the law establishing the Dietary Guidelines for Americans and have concluded that you and Secretary Burwell have a narrower mandate in issuing the final guidelines. You acknowledged that the advisory committee "had a greater latitude to opine" about a variety of issues but your function at USDA is to adhere to the statutory directive.

Mr. Secretary, do America's farmers and ranchers have an assurance from you that the final report will only include nutrient and dietary recommendations and not include environmental factors and other extraneous material?

Response: Working with our colleagues at the US Department of Health and Human Services (HHS), we will follow the statutory parameters for the Dietary Guidelines for Americans, focusing on providing food-based dietary recommendations that are grounded in the strongest body of scientific evidence, and not driven by environmental factors and other extraneous material.

Mr. Aderholt: I find it interesting that the advisory committee has found that cholesterol is not a nutrient of concern for overconsumption, even though previous Dietary Guidelines have recommended limiting cholesterol intake to no more than 300 milligrams per day. There are other such examples in the recent past where the Advisory Committee completely changes its focus despite claims of sound science. The advisory committee also recommended a diet higher in plant-based foods and lower in animal-based foods as more health promoting, even though lean meat has been included as part of a healthy, balanced diet in previous Dietary Guidelines.

How are consumers supposed to feel confident about following the Dietary Guidelines when the recommendations contradict what we were just told five years ago?

Response: Consumers can be assured that the Dietary Guidelines for Americans are developed using gold standard, rigorous methodology to objectively review, evaluate, and synthesize the science to answer critical nutrition and health questions. However, science is not static. Nutrition and human health are evolving sciences and the 1990 National Nutrition Monitoring and Related Research Act ensures that USDA and HHS are using the most current science to add to the preponderance of evidence to support the development of food-based guidance that encourages healthy eating and reduces the risk of diet-related chronic diseases. The Guidelines are based on the strongest scientific evidence *in totality*, and are not based on any single study.

As the scientific research, medical and nutrition fields have evolved and become more sophisticated, so too has the scientific review process for the Guidelines. Employing gold standard methodology to review the scientific

literature, USDA's Nutrition Evidence Library was used to support the work of the 2010 and 2015 Dietary Guidelines Advisory Committees, and currently is supporting the USDA-HHS Dietary Development Project for Infants and Toddlers from Birth to 24 Months and Women Who are Pregnant mandated in the Agricultural Act of 2014. As the sciences advance, consumers and Congress can be confident that the methodology used to review the bodies of science will remain rigorous, transparent, minimize bias, and ensure relevant, timely and high-quality systematic reviews.

Mr. Aderholt: As you know, the FY15 Omnibus includes Section 752 which states that the sodium levels in the school meals program cannot be further reduced "until the latest scientific research establishes the reduction is beneficial for children." With regards to the actions of the Dietary Guidelines Advisory Committee, it appears they only reviewed literature that fit their objective of lowering sodium consumption in Americans. The point of including the bill language was to make sure all relevant and recent science was considered so that we do not harm the health of Americans, including school children, by forcing a sodium level that the most recent research shows as harmful.

Please provide a list of all of the scientific research and studies that are being reviewed to make the final sodium recommendations in the 2015 Dietary Guidelines.

Response: USDA shares your concern about the health of Americans and it is a high priority of the Department to develop dietary guidance that is based on the preponderance of the strongest medical and scientific evidence currently available. The *Scientific Report of the 2015 Dietary Guidelines Advisory Committee* provides USDA and HHS a comprehensive review of the current science as a basis for developing the 2015 Dietary Guidelines for Americans. USDA also will consider comments, including research, submitted by the public and Federal agencies.

Of the 83 questions addressed in the Advisory Committee's report, four considered sodium and health. These questions examined the relationship between (1) sodium intake and blood pressure in adults, (2) sodium intake and blood pressure in children, (3) sodium intake and cardiovascular disease outcomes, and (4) the interrelationship of sodium and potassium on blood pressure and cardiovascular disease outcomes. These questions were answered by the Advisory Committee using existing reports or updates of existing systematic reviews conducted with the support of USDA's Nutrition Evidence Library (NEL). To identify relevant research to consider, the Committee developed inclusion and exclusion criteria, such as criteria on study design, sample size, and publication date. The citations of the evidence considered in the Committee's review are listed below and are also publicly available in the Committee's report and supplemental materials found at [www.DietaryGuidelines.gov](http://www.DietaryGuidelines.gov) and [www.NEL.gov](http://www.NEL.gov).

Citations of the evidence considered in the Committee's review are provided for the record.

[The information follows:]

**Sodium intake and blood pressure in adults - Examined by the Committee using the following existing reports:**

1. National Heart, Lung, and Blood Institute. Lifestyle Interventions to Reduce Cardiovascular Risk: Systematic Evidence Review from the Lifestyle Work Group, 2013. Bethesda, MD: U.S. Department of Health and Human Services, National Institutes of Health, 2013. [Note: Fourteen articles were included in the sodium and blood pressure section; all from randomized controlled trials.]
2. Eckel RH, Jakicic JM, Ard JD, de Jesus JM, Houston Miller N, Hubbard VS, et al. 2013 AHA/ACC guideline on lifestyle management to reduce cardiovascular risk: a report of the American College of Cardiology/American Heart Association Task Force on Practice Guidelines. *J Am Coll Cardiol.* 2014;63(25 Pt B):2960-84. PMID: 24239922.
3. Institute of Medicine. Sodium intake in populations: Assessment of evidence. Washington, DC: The National Academies Press; 2013. [Note: Four randomized controlled trials and 35 observational (cohort or case-control) studies were included in the review.]
4. Institute of Medicine. Dietary Reference Intakes for Water, Potassium, Sodium, Chloride, and Sulfate. Washington, DC: The National Academies Press; 2005. [Note: Over 400 citations were used to inform the sodium recommendations.]

**Sodium and blood pressure in children - Examined by the Committee by updating a NEL systematic review conducted by the 2010 Dietary Guidelines Advisory Committee. The studies included in the original and updated NEL systematic review include the following:**

1. Cotter J, Cotter MJ, Oliveira P, Cunha P, Polonia J. Salt intake in children 10-12 years old and its modification by active working practices in a school garden. *J Hypertens.* 2013;31(10):1966-71. PMID:24107730.
2. Shi L, Krupp D, Remer T. Salt, fruit and vegetable consumption and blood pressure development: a longitudinal investigation in healthy children. *Br J Nutr.* 2014;111(4):662-71. PMID:24326147.
3. Brion MJ, Ness AR, Davey Smith G, Emmett P, Rogers I, Whincup P, Lawlor DA, et al. Sodium intake in infancy and blood pressure at 7 years: Findings from the Avon Longitudinal Study of Parents and Children. *Eur J Clin Nutr.* 2008.
4. Calabrese EJ, Tuthill RW. The Massachusetts Blood Pressure Study, Part 3. Experimental reduction of sodium in drinking water: Effects on blood pressure. *Toxicol Ind Health.* 1985; 1: 19-34. PMID: 3842544.
5. Cooper R, Van Horn L, Liu K, Trevisan M, Nanas S, Ueshima H, Larbi E, Yu C-S, Sempos C, LeGrady D, Stamler J. A randomized trial on the effect of decreased dietary sodium intake on blood pressure in adolescents. *J Hypertens.* 1984; 2: 361-366. PMID: 6530546.
6. Geleijnse JM, Hofman A, Witteman JC, Hazebroek AA, Valkenburg HA, Grobbee DE. Long-term effects of neonatal sodium restriction on blood pressure. *Hypertension.* 1997; 29: 913-917. PMID: 9095076.
7. Geleijnse JM, Grobbee DE, Hofman A. Sodium and potassium intake and blood pressure change in childhood. *BMJ.* 1990; 300: 899-902.
8. Gillum RF, Elmer PJ, Prineas RJ. Changing sodium intake in children. The Minneapolis Children's Blood Pressure Study. *Hypertension.* 1981; 3: 698-703. PMID: 7298122.
9. Hofman A, Hazebroek A, Valkenburg HA. A randomized trial of sodium intake and blood pressure in newborn infants. *JAMA.* 1983; 250: 370-373. PMID: 6343656.

10. Howe PRC, Cobiac L, Smith RM. Lack of effect of short-term changes in sodium intake on blood pressure in adolescent schoolchildren. *J Hypertens*. 1991; 9: 191-186.
11. Howe PRC, Jureidini KF, Smith RM. Sodium and blood pressure in children - a short-term dietary intervention study. *Proc Nutr Soc Aust*. 1985; 10: 121-124.
12. Lucas A, Morley R, Hudson GJ, Bamford MF, Boon A, Crowle P, Dossetor JF, Pearce R. Early sodium intake and later blood pressure in preterm infants. *Arch Dis Child*. 1988 Jun; 63(6): 656-657. PMID: 3389898; PMCID: PMC1778882.
13. Myers JB. Reduced sodium chloride intake normalises blood pressure distribution. *J Hum Hypertens*. 1989; 3: 97-104. PMID: 2760911.
14. Palacios C, Wigertz K, Martin BR, Jackman L, Pratt JH, Peacock M, McCabe G, Weaver CM. Sodium retention in black and white female adolescents in response to salt intake. *J Clin Endocrinol Metab*. 2004; 89: 1, 858-1, 863.
15. Pomeranz A, Dolfin T, Korzets Z, Eliakim A, Wolach B. Increased sodium concentrations in drinking water increase blood pressure in neonates. *J Hypertens*. 2002; 20: 203-207. PMID: 11821704. Infants (Hand Search 04/07/09)
16. Sinaiko AR, Gomez-Marin O, Prineas RJ. Effect of low sodium diet or potassium supplementation on adolescent blood pressure. *Hypertension*. 1993; 21: 989-994.
17. Smith RE, Kok A, Rothberg AD, Groeneveld HT. Determinants of blood pressure in Sowetan infants. *S Afr Med J*. 1995 Dec; 85(12 Pt 2): 1, 339-1, 342. PMID: 8600606.
18. Trevisan M, Cooper R, Ostrow D, Miller W, Sparks S, Leonas Y, Allen A, Steinhauer M, Stamler J. Dietary sodium, erythrocyte sodium concentration, sodium-stimulated lithium efflux and blood pressure. *Clin Sci (Colch)*. 1981; 61: 29S-32S. PMID: 7318331.
19. Tuthill RW, Calabrese EJ. The Massachusetts Blood Pressure Study, Part 2. Modestly elevated levels of sodium in drinking water and blood pressure levels in high school students. *Toxicol Ind Health*. 1985 Sep; 1(1): 11-17. PMID: 3842543.
20. Whitten CF, Stewart RA The effect of dietary sodium in infancy on blood pressure and related factors. Studies of infants fed salted and unsalted diets for five months at eight months and eight years of age. *Acta Paediatr Scand*. 1980; 279 (suppl): 1-17. PMID: 7001854.

**Sodium intake and cardiovascular disease outcomes - Examined by the Committee using existing reports that the Committee updated with recent publications. The existing reports and articles identified to update these reports include the following:**

1. Institute of Medicine. Sodium intake in populations: Assessment of evidence. Washington, DC: The National Academies Press; 2013. [Note: Four randomized controlled trials and 35 observational (cohort or case-control) studies were included in the review.]
2. National Heart, Lung, and Blood Institute. Lifestyle Interventions to Reduce Cardiovascular Risk: Systematic Evidence Review from the Lifestyle Work Group, 2013. Bethesda, MD: U.S. Department of Health and Human Services, National Institutes of Health, 2013. [Note: Fourteen citations (including one meta-analysis with 13 additional citations) were included in the sodium and cardiovascular disease section from randomized controlled trials and observational studies.]
3. Eckel RH, Jakicic JM, Ard JD, de Jesus JM, Houston Miller N, Hubbard VS, et al. 2013 AHA/ACC guideline on lifestyle management to reduce

- cardiovascular risk: a report of the American College of Cardiology/American Heart Association Task Force on Practice Guidelines. *J Am Coll Cardiol.* 2014;63(25 Pt B):2960-84. PMID: 24239922.
4. Cook NR, Appel LJ, Whelton PK. Lower levels of sodium intake and reduced cardiovascular risk. *Circulation.* 2014;129(9):981-9. PMID:24415713.
  5. Joosten MM, Gansevoort RT, Mukamal KJ, Lambers Heerspink HJ, Geleijnse JM, Feskens EJ, Navis G, Bakker SJ. Sodium excretion and risk of developing coronary heart disease. *Circulation.* 2014;129(10):1121-8. PMID:24425751.
  6. O'Donnell M, Mentz A, Rangarajan S, McQueen MJ, Wang X, Liu L, Yan H, Lee SF, Mony P, Devanath A, Rosengren A, Lopez-Jaramillo P, Diaz R, Avezum A, Lanas F, Yusuf K, Iqbal R, Ilow R, Mohammadifard N, Gulec S, Yusufali AH, Kruger L, Yusuf R, Chifamba J, Kabali C, Dagenais G, Lear SA, Teo K, Yusuf S. Urinary sodium and potassium excretion, mortality, and cardiovascular events. *N Engl J Med.* 2014;371(7):612-23. PMID:25119607.
  7. Pfister R, Michels G, Sharp SJ, Luben R, Wareham NJ, Khaw KT. Estimated urinary sodium excretion and risk of heart failure in men and women in the EPIC-Norfolk study. *Eur J Heart Fail.* 2014. PMID: 24464931.

**Sodium and potassium interrelationship and blood pressure and cardiovascular disease outcomes - Examined by the Committee using the following existing report:**

1. National Heart, Lung, and Blood Institute. Lifestyle Interventions to Reduce Cardiovascular Risk: Systematic Evidence Review from the Lifestyle Work Group, 2013. Bethesda, MD: U.S. Department of Health and Human Services, National Institutes of Health, 2013. [Note: Ten citations included in the potassium section]

**CROP INSURANCE CUTS**

Aderholt: I am very concerned about the cuts to crop insurance proposed in the FY 2016 budget. President Obama signed the 2014 Farm Bill into law one-year ago and already the Administration is proposing more cuts that will negatively impact America's farmers. In a DTN news article, you supported these cuts as a way to help keep projected Farm bill savings on track.

How are you proposing to keep farm bill savings on track in other programs, such as nutrition since those savings aren't materializing as predicted?

Response: There will be savings in the Supplemental Nutrition Assistance Program (SNAP), though it may not come from exactly the area that Congress had expected. For example, seventeen states were impacted by the changes the 2014 Farm Bill made to the Low-Income Home Energy Assistance Program (LIHEAP). Twelve of those states responded to the changes by increasing their commitment in LIHEAP, which the Farm Bill allowed them to do. The actions by those states preserved SNAP benefits for their low-income residents and reduced the amount of savings generated by the Farm Bill changes. However, we are seeing declining numbers in SNAP, and as I have said in the past, the most effective way of reducing SNAP is an improved economy and focusing time, attention, and resources on getting able bodied people to work. We are doing that, and I think we will see significant reductions as a result of the improving economy, as well as, from the pilots authorized in the Farm Bill. So the savings will materialize, just not in the same way that was projected when the Farm Bill was being debated.

## SCHOOL MEALS

Mr. Aderholt: I want to ensure children are receiving a healthy balanced meal at school. My efforts on school meals stem from what I hear back in my district. Ms. Evelyn Hicks, who serves students every day, was the one who began telling me about the struggles she and others were facing with the new school meal regulations. I am pleased we were able to gain some flexibility on the whole grain requirements and sodium standards in the FY 2015 Omnibus. I appreciate the Department promptly issuing the guidance memo to States so that they may begin implementing the whole grain flexibilities. I realize child nutrition programs are up for reauthorization this year, but as the process moves forward, Mr. Secretary, I would hope we could work together to find solutions to the specific challenges facing schools, such as flexibility with the Smart Snacks regulation, a longer-term solution on whole grain and sodium requirements, and any other areas where we can bring practical and strategic fixes to the program.

What suggestions would you offer so that we can work together to provide schools flexibility on specific areas that will help them serve healthy meals without continued financial strain?

Response: Local school nutrition professionals are our most important partners in providing nutritious meals to America's school children, and their concerns are of utmost importance to USDA. As we have shown during implementation of the new meal patterns, we are listening and will continue to listen and respond to challenges and concerns from local program operators with flexibilities and technical assistance. The changes to the meal pattern are working. Currently, 95 percent of school food authorities (SFAs) are certified as meeting meal pattern standards, and we are working hard to get the remaining schools up to speed and provide needed technical assistance to all schools.

USDA understands that some areas of the country may have issues such as availability and acceptance with whole grain-rich products, which are healthier for children. FNS has provided flexibilities to assist in this transition and will continue to monitor implementation of the new meal patterns. We are committed to working in partnership with State agencies and SFAs as they make the transition to whole grain-rich products. FNS will continue to ensure that State agencies and SFAs have access to extensive training and technical assistance materials.

Additional information is provided for the record.

[The information follows:]

There seems to be some misunderstanding regarding the basis of the sodium targets, with some mistakenly asserting that they are based on lower thresholds such as Adequate Intakes (AI), which are closer to 1500 mg/day for adults. They are not. It is important to be clear that the IOM Final Targets, which are the basis for the school lunch standards, are based on the Tolerable Upper Limit intakes (UL), which range from 1900-2300 mg/day for children, depending on age.

The Smart Snacks rule ensures students are offered only more nutritious snacks and meals during the school day and are educated in an environment

that reinforces the development of healthy eating habits. The rule sets basic standards for foods and beverages that apply to all products served on school campuses during the school day. USDA issued Smart Snacks as an interim final rule in June 2013, and we are allowing a full year of implementation to collect feedback from schools before we plan to issue a final rule. The Smart Snacks rule does provide exceptions from the specific nutrient standards for foods with clearly high nutrient content such as fruits and vegetables and provides a specific exemption for school meal entrée items to be sold the day of and day after they are served as part of the reimbursable meal.

Regarding technical assistance, USDA plans to announce in the coming weeks an expansion of its technical assistance efforts to schools through the Team Up for School Nutrition Success (Team Up) initiative as well as through the Team Nutrition Training and School Equipment Grants. USDA has been providing extensive guidance, technical assistance and flexibilities where appropriate to respond to program operator and food industry concerns since the release of the meal pattern requirements in School Year (SY) 2012-2013. While most schools have implemented the meal requirements, there are some schools that need continued implementation support to run a fully successful school meals program. USDA is working with the National Food Service Management Institute (NFSMI) to provide customized training and peer-to-peer mentorship to assist schools in implementing school meal requirements with financial stability and strong student meal program participation.

#### SINGLE FOOD SAFETY AGENCY

Mr. Aderholt: The President's Budget proposes transitioning to a single food safety agency by combining the Food Safety and Inspection Service and food activities within the Food and Drug Administration into one agency under the Department of Health and Human Services. Support for the President's single food safety agency among consumer advocacy groups, and certainly the regulated industry, appears to be slim to nonexistent.

Could you explain how rearranging boxes on an organizational chart would produce favorable public health outcomes, and why do you think HHS can provide better leadership over food safety issues than USDA?

Response: The Budget highlights several opportunities for reorganizing and reforming government, including the proposal to consolidate USDA's Food Safety and Inspection Service and the food safety components at FDA into a single new agency responsible for food safety inspection and enforcement, and foodborne illness outbreak prevention and response. The Administration believes that this is an opportunity to drive efficiency and accountability, prevent duplication, and make government work better and smarter for the American people.

Mr. Aderholt: Is there any scientific evidence that justifies having one food safety agency under HHS that would reduce the number of food borne illnesses and provides a more robust food safety system?

Response: The Administration believes that this is an opportunity to drive efficiency and accountability, prevent duplication, and make government work better and smarter for the American people. By combining the new agency in the Department of Health and Human Services, the proposal reinforces the fact that food safety and the prevention, response and mitigation of foodborne illness are public health issues.

## CATFISH INSPECTION

Mr. Aderholt: We have heard repeatedly from you and others that the final rule for catfish inspection would be issued by December 2014, yet nothing has been published. The Department sent the final rule to OMB May 30th.

What is the hold up? When can we expect to see this final rule issued? Are trade negotiations impacting the release of this final rule?

Response: The rule is currently under review. We remain hopeful that it will be published soon. In the course of review of any rule, multiple aspects are considered.

## USDA MANAGEMENT CHALLENGES

Mr. Aderholt: I am sure you heard that I invited Inspector General Fong to suggest a few questions for you. She noted that her biggest concerns are ensuring that agencies have appropriate management controls in place, USDA's lack of compliance with the improper payments Act, and the on-going challenges with the Department's IT systems. This Subcommittee appreciates the IG's work. I would like to thank you for working closely with the IG and setting an example for all of USDA's agencies to do so as well.

How are you addressing these issues?

Response: USDA has made strides in addressing the eleven management challenges identified by the Office of Inspector General in their August 2014 report. More detailed information on USDA's progress in reducing improper payments, improving internal control systems and information security is provided for the record.

[The information follows:]

USDA Needs to Create Strong, Integrated Internal Control Systems Across Programs (Challenge 2). As stated in the FY 2014 Office of Inspector General (OIG) Management Challenges report, USDA managers oversee critical elements of our Nation's agriculture, nutrition, and natural resources policy. In order to bring about desired results, USDA agencies must design effective internal systems for program implementation. Large programs present unique challenges that require particularly strong internal controls to safeguard against potential fraud, waste, and abuse. For instance, OIG reviewed the Rural Housing Service's (RHS) Single Family Housing (SFH) Direct Loan Program, which allows very low and low income households (that would not otherwise have sufficient credit) to receive SFH direct loans to purchase housing. *Single Family Housing Direct Loan Servicing and Payment Assistance Recapture* (04601-0001-31, July 2014). RHS reviewed the accounts where under-billing of the recapture receivables were identified, recalculated the amount of subsidy recapture due, and sent demand letters were sent for the amount(s) due. RHS modified existing desk procedures including secondary reviews for recapture receivable calculations. RHS obtained an Office of the General Counsel (OGC) opinion related to occupancy for both granting subsidy and collecting recapture receivable amounts and will implement procedures in accordance with OGC guidance. RHS provided training for all employees involved in the subsidy process, and for the calculating and collecting recapture receivable to address these OIG audit findings. The refresher training incorporated requirements for annual reviews and include standard

adjustments to accounts for annual cost of living adjustments for social security and other government payments.

The Department has developed a Concept of Operations designed to assist USDA in moving towards a more robust internal control framework that is compliant with the updated GAO Green Book issued in September 2014. This new framework is geared towards achieving efficiencies through a more integrated and collaborative assessment process across internal control communities and addresses internal controls related to operations, reporting, and compliance with applicable laws and regulations. We will be piloting the new framework with a small group of component agencies this spring and summer with full implementation planned for the fall of 2015.

Information Security Needs Continuing Improvement (Challenge 3). As stated in the FY 2014 OIG Management Challenges report, typically, USDA's work is thought of in terms of the benefits and services the Department provides, which touch almost every aspect of American life. To accomplish its mission, USDA must manage vast amounts of data associated with its many programs and operations. This critical information ranges from agricultural statistics that drive domestic and global markets to data-driven inspection systems that help ensure our food is safe. Department employees must be able to access, use, and communicate this information to deliver programs effectively. Additionally, the general public can apply for many program benefits and other services via the internet. It is therefore critical that the Department protect the security, confidentiality, and integrity of its information technology (IT) infrastructure. Since OIG's 2013 FISMA review, the Office of the Chief Information Officer has improved USDA's Informational Technology (IT) security posture by releasing three critical Department-wide policies in the latter part of FY 2013 and the beginning of FY 2014. While this is a positive step, USDA's overall compliance with FISMA and other security guidance is also based upon individual agencies' performance. OIG stated that USDA must lay the foundation for an effective and comprehensive IT Security Plan. OCIO needs to coordinate with USDA agencies to identify the overall risks, prioritize those risks, and mitigate risks in a timely manner.

The OCIO coordinates with Agency CIOs and their program staff to ensure active exchange of program requirements and implementation challenges. This communication is conducted through the CIO Leadership Council, the CIO Council Advisory Working Group, annual portfolio reviews and one-on-one meetings with Agency CIOs and IT staff. OCIO also has an active Threat Intelligence component which monitors active/real time cyber security threats and communicates all this information directly to the USDA agencies. Six cybersecurity policies have been promulgated since 2013. The eBoard has been established as an enterprise risk function. There was marked improvement in Plan of Action and Milestones (POAM) performance in fiscal year 2014, with the average POAM age reduced from 636 days to 344.

Identifying, Reporting and Reducing Improper Payments Can Strengthen USDA Programs (Challenge 8). USDA will continue to improve the timeliness of the High Dollar Overpayment quarterly report. USDA will seek ways to maximize the recovery of improper payments and accurately report the results of recovery efforts. Also, USDA will implement guidance from the Office of Management and Budget on evaluating, testing and reducing improper payments. Natural Resources Conservation Service (NRCS) made significant improvements in testing of improper payments which allowed them to identify more improper payments in previous years. NRCS conducted training, issued national

bulletins, updated its policy and conducted a further review to ensure reduction target for improper payments is met in future years. NRCS also implemented a second party review and checklist for the quarterly high dollar improper payment reports.

Farm Service Agency (FSA) has resolved its noncompliance issues with the Direct and Counter-Cyclical Payment Program, Conservation Reserve Program, Noninsured Crop Disaster Assistance Programs, and Miscellaneous Disaster Programs. They are working to bring the Loan Deficiency Program into compliance and anticipate achieving this in the FY 2016 AFR report.

Since release of the Access, Participation, Eligibility and Certification (APEC) study in 2007, Food and Nutrition Service (FNS) has been working with our state partners on initiatives intended to reduce improper payments in School Meals Programs, and these efforts will continue during FY 2015 and beyond. Efforts underway include initiatives to support increased Direct Certification, the Community Eligibility Provision, Technology Improvements (e.g. ART Grants), and implementation of a new administrative review process. The Healthy, Hunger-Free Kids Act (HHFKA) of 2010 included a number of provisions targeted towards improving management and integrity. In an effort to support and build on these new tools and initiatives, FNS submitted a number of proposals as part of their FY 2016 Budget request to strengthen integrity and address improper payments in NSLP and the School Breakfast Program. These proposals included training and technical assistance funding for States for implementation of HHFKA, enhanced verification in School Meal programs, expanding Direct Certification with Medicaid and exploring other potential sources for Direct Certification efforts, enhancing State/local reporting to support ongoing error measurement in school meals, expanding Administrative Review and Training (ART) grants, and developing a framework to evaluate the new administrative review process for schools. Error reduction in National School Lunch Program is one of the Secretary's Signature Process Improvement Initiatives.

FNS needs to publish an improper payment estimate for the Family Day Care Home component of Child and Adult Care Food Program (CACFP). FNS has explored numerous strategies over the last several years for obtaining such an estimate. Most recently, the 2010 CACFP Improper Payment Meal Claims Assessment project concluded that it was not feasible to use parent recall data on specific meals (breakfast, morning snack, lunch, afternoon snack, supper and evening snack) to estimate erroneous meal claims. In response, FNS awarded a new study in September 2014 to explore alternative methods of measuring the rate of erroneous payments to CACFP Family Day Care Homes for meals claimed for reimbursement. This study is currently ongoing.

Mr. Aderholt: When will the Department be in compliance with the improper payments Act?

Response: The Food and Nutrition Service (FNS) has the Department's most challenging high risk programs and is currently listing achievement of an error rate of 10 percent or less in National School Lunch Program (NSLP) improper payments by SY 2019-20 as a strategic goal. The same timeframe would be applicable to the School Breakfast Program. Within the timeframe, FNS also plans to publish an improper payment estimate for the meals counting and claiming component of the Child and Adult Care Food Program. Achieving this rate and its related compliance will be contingent upon obtaining the necessary resources from Congress to successfully develop a methodology to determine a payment error rate for this component.

The Natural Resources Conservation Service (NRCS) plans to be compliant in the FY 2015 AFR report and the Farm Service Agency (FSA) plans to be compliant in the FY 2016 AFR report.

Mr. Aderholt: Do you need any additional authority to ensure there are appropriate controls on USDA's IT systems and IT development projects?

Response: We do not need any additional authority to ensure appropriate controls on USDA's IT systems and IT development projects. Recent changes made by the Federal Information Technology Acquisition Reform Act (FITARA) legislation has strengthened the role of the USDA Chief Information Officer and established effective governance over IT procurement actions that provide greater visibility into, and control over, agency activities. These changes ensure adherence to strategic goals, budget priorities, agency architecture, and security standards.

#### ADMINISTRATIVE TRANSFORMATION

Mr. Aderholt: The Natural Resources Conservation Service has undertaken a major effort to restructure its business functions. In part, this was to address deficiencies identified in its financial audits. It also was to ensure NRCS was efficiently and effectively "helping people help the land" as its motto states. I am encouraged by the agencies work.

When will NRCS implement these changes?

Response: USDA will prepare the notification as required by Section 719 of the Consolidated and Further Continuing Appropriation Act, 2015. Hopefully, the notification requirements will be completed in the Spring of 2015. The full implementation of the restructuring described in the notification is intended to be completed in calendar year 2015.

Mr. Aderholt: What other agencies are undergoing similar changes?

Response: Through the Blueprint for Stronger Service, I have made clear to all USDA agencies my expectation that they operate in an efficient manner. In meeting this expectation, some USDA agencies may undertake similar changes to NRCS. For example, Rural Development (RD) has explored opportunities to share common administrative functions between State offices. Although in the case of RD, such leveraging of services can be done without requiring an organizational change to the degree that NRCS is pursuing. As the agencies have planned their respective improvements and restructuring activities, they have shared insights with the leadership of other USDA agencies. Each USDA agency, therefore, is adopting improvements that work for their existing organizational structure and authorities under which they operate.

Mr. Aderholt: What other agencies should use NRCS as a model?

Response: Each USDA agency has an existing organizational structure and authorities under which it operates. Therefore, the experience of NRCS may not directly translate to other USDA agencies. Where practicable, agencies, including NRCS, have been sharing best practices and lessons learned from their own streamlining activities to assist each other improve operations and enhance service delivery as part of the Blueprint for Stronger Service.

Mr. Aderholt: Has USDA worked with other agencies to explore similar arrangements to increase efficiency and save taxpayer dollars?

Response: Through the President's Management Agenda, USDA has engaged with other Departments and Agencies to explore opportunities to increase efficiency. One specific activity in which USDA has been engaged is the administrative services benchmarking exercise that is being led by the General Services Administration. Through the benchmarking exercise, Departments and their subunits are able to rate the efficiency and effectiveness of administrative and support service activities in terms of quantitative and qualitative measures. This allows the Department to identify areas for further improvement. Furthermore, USDA is also exploring opportunities for shared services with other entities as is demonstrated by the National Finance Center's (NFC) recruitment of additional customers for its financial management and payroll services. By expanding its customer base, NFC and the rest of the Department benefit from offsetting fixed costs for these administrative services with other organizations. Overall, the Department continues to explore for opportunities to streamline its operations to increase its efficiency and enhance service delivery to its customers.

#### USDA AND FOOD AID REFORM

Mr. Aderholt: In the past, you have vocally supported reforming the Title II Food for Peace food aid program by issuing vouchers or cash instead of American food or buying food from foreign countries instead of here in the U.S. Recent farewell remarks by U.S. Administrator Rajiv Shah highlight a new deal struck this year between American agricultural groups, American shippers, and non-governmental organizations. Supposedly all parties have reached a consensus to "reform" this program. As stated in the Subcommittee report for the current Fiscal Year, "Transforming the Food for Peace program into a cash program would be duplicative of other programs and counter to the reforms Congress recently enacted in the 2014 Farm Bill."

Can you tell me what role you have played in negotiating this deal with shippers, agricultural groups and NGOs?

Response: The food aid reform the Administration is proposing at this time is included in the President's FY 2016 Budget. USDA will keep you apprised of any new Administration food aid reform proposals.

USDA supports the FY 2016 P.L. 480 Title II request of \$1.4 billion, which includes \$270 million to be used for development programs. In combination with an additional \$80 million requested in the Development Assistance account under USAID's Community Development Fund, the funding for these types of programs would total to \$350 million. Together, these resources support development of food assistance programs' efforts to address chronic food insecurity in areas of recurrent crises using a multi-sectorial approach to reduce poverty and build resilience. The balance of the Title II request, \$1.13 billion, will be used to provide emergency food assistance in response to natural disasters and complex emergencies.

The request also includes new authority to use up to 25 percent (\$350 million) of the P.L. 480 Title II appropriation in emergencies for interventions such as local or regional procurement of agricultural commodities near crises, food vouchers or cash transfers. The additional

flexibility makes emergency food aid more timely and cost effective, improving program efficiencies and performance. USAID estimates the flexibility will increase the number of people assisted by about two million annually with the same level of resources.

Mr. Aderholt: There is already a multi-billion dollar USAID program that allows for flexibility to provide cash overseas, local and regional purchases, and development programs called International Disaster Assistance. To me this appears duplicative of other government programs. It helps to have different tools in the tool box. It seems to me that you are slowly removing the American Farmer from a rich 60-year tradition and giving up USDA's role in this crucial program. In fact, you don't even mention the Food for Peace program by name in your written testimony. You have said of the SNAP program "someone has to stock it, package it, shelve it, process it, and ship it. All of those are jobs." Do you not believe in the amount of American jobs created through a multiplier effect of the Food for Peace Program is similar to the domestic SNAP program?

Response: American farmers play, and will continue to play, an important role in the Food for Peace program. The Food for Peace Program provides substantial quantities of U.S. agricultural commodities to address famine and food crises abroad, combat malnutrition, promote food security, and promote economic and community development. The Administration's flexibilities proposed in the FY 2016 budget request for operating the Food for Peace Program will increase the number of people assisted by about two million annually with the same level of resources.

Mr. Aderholt: Here in the United States, our welfare system relies largely on providing food to our domestic recipients. Rarely do we hand out cash to participants and vouchers are being phased out in the WIC program. Even under this system, there is waste, fraud, and abuse and room for improvement. How can you possibly ensure that giving cash, vouchers, or debit cards to those in foreign countries will prevent abuse of taxpayer dollars? What controls would be in place?

Response: USAID has informed USDA that food voucher and cash transfer programs are implemented by many of the same trusted partners that have implemented USAID in-kind food programs for the last 60 years - including American private voluntary organizations and the UN World Food Program. Many of USAID's partners have substantial guidance and programming experience of their own in addition to the guidance and program support provided by Food for Peace.

In regard to cash, USAID reports that it is their policy to favor mobile money or electronic transfers over cash distributions wherever possible. Targeted cash transfers are often distributed at a local bank or other financial institution where it is held securely until point of distribution. USAID reports that partners are using improved technology to confirm beneficiary identification prior to distributions.

USAID reports a number of controls in regard to their programs. Vouchers, if not electronic, have holograms, watermarks, or serial numbers to prevent fraud. Monitoring of vendor receipts, which is done prior to reimbursing the vendor, allows implementing partners and USAID staff to know what has been purchased. Post distribution monitoring of both vendors and beneficiary households confirms what food has been purchased and consumed; and whether families' food security conditions are improving. USAID and

implementing partners also offer opportunities for beneficiaries to report if they have not received the proper allocation, whether they are receiving in kind food, a voucher, or a targeted cash transfer.

In addition, USAID's updated Annual Program Statement for Emergency Food Assistance Programs sets tougher standards for partners, raising the depth of requirements relating to risk analysis and mitigation plans for fraud and misuse of funds at the application stage.

#### RURAL CHILD POVERTY PILOT PROGRAM

Mr. Aderholt: Rural Development's budget request seeks \$20 million in new funding "to support innovative strategies to combat rural child poverty". Unfortunately, there are few other details in the budget about this request.

What is this?

Response: The Rural Child Poverty Pilot is a proposed initiative to support strategies that break the cycle of poverty in rural places. Specifically, the pilot will incorporate three elements: better coordinating current Federal programs to help parents obtain employment and increase income and children access key early learning, healthcare, and other services; increasing coordination and outreach to rural families in need; and evaluating those efforts to determine if a broader implementation is warranted.

Mr. Aderholt: What statutory authority does USDA rely on?

Response: The mission of USDA Rural Development is to increase economic opportunities and improve the quality of life for all rural Americans. The Consolidated Farm and Rural Development Act, the Rural Electrification Act and the Rural Housing Act of 1949, among others, authorize and direct the Rural Development Mission Area to carry out programs that can support rural economic development; and many of these programs statutorily focus resources to remote, rural, and high need places. For this new initiative, the Department is asking for authority through the appropriations language.

Mr. Aderholt: How do you justify \$20 million in new funding when there are similar programs and/or projects?

Response: While USDA has programs to address certain contributors to persistent poverty, the demonstration program requested will focus on coordinating all of these programs to make the greatest positive impact on rural child poverty. The funds in the pilot will be used by USDA Rural Development for up to 3-year grants to local governments and nonprofit organizations offering bundled services that are most critical to help poor families climb out of poverty. The particular services will depend on the challenges and opportunities in that community, but will primarily include education and job training services, financial literacy, health care, nutrition, and substance abuse services. "Bundled," or coordinated, services may be particularly impactful in rural places, given greater distances to disparate state and federal programs and lack of public transportation. Each pilot site will engage the entire family concurrently, and might house, for example, a job training center, a Head Start Early Childhood Education Center, and a Women, Infants, and Children enrollment center. The pilot will educate families on resources available, build local capacity for assisting

families in rural areas through Americorps or VISTA programs, and evaluate the pilot effort. The resources in this pilot would complement other dollars in the budget that assist communities and nonprofit organizations to finance the physical infrastructure needed to deliver services, particularly through the Community Facilities grant program and the Distance Learning Telecommunications Program.

Mr. Aderholt: We do have areas of persistent poverty in this country. Why do we need a new initiative to address them?

Response: Indeed, 85 percent of persistent poverty counties are in rural areas, and rural childhood poverty rates are at their highest point since 1986. This initiative would support innovative strategies to combat rural child poverty through a demonstration program. Funding will be used in rural areas experiencing severe economic distress such as Strike Force, Promise Zones and Tribal areas To address the most vexing challenges, new approaches are needed that rely on evidence and better coordination of Federal and non-Federal resources designed to assist the family. These grants will encourage or require collaboration and partnership of key entities at the local level. For example, the applicant may be a community action agency that traditionally delivers temporary assistance to needy families (TANF) resources and Early Head Start, but that in its application includes the local community college to deliver workforce development programs. Applicants could include local governments (but no States), educational institutions (including community college as well as historically black, tribal and Hispanic institutions) and community action agencies. This is what the Rural Child Pilot Demonstration Pilot is designed to do. This pilot will concentrate on stretching Federal dollars even further in these high-need areas by bundling Federal resources in a coordinated and concentrated fashion to help lift the entire family out of poverty.

Mr. Aderholt: Can't USDA do this work with current authorities and funding?

Response: Without specific resources to increase capacity for intensive outreach and coordination across Federal programs, we will not reach those who are most in-need. This is particularly the case in rural and tribal places, where challenges around remoteness and lack of access limit the effectiveness of disparate Federal programs and contribute to stubbornly persistent poverty. Eighty-five percent of all persistent poverty counties are non-metro counties. Assistance is needed to help families and communities connect with the appropriate resources, technical support and financial aid to enhance their quality of life and so that they can break the cycle of poverty.

#### UNDER SECRETARY FOR TRADE AND FOREIGN AGRICULTURAL AFFAIRS

Mr. Aderholt: The recently enacted Farm Bill included a mandate that USDA create a new Under Secretary for Trade and Foreign Agricultural Affairs. As part of the FY 2015 Agriculture Appropriations Act, this Subcommittee also commissioned an independent study similar to the one USDA was supposed to complete by July of last year. This new Under Secretary would become USDA's "tip of the spear" for our agricultural trade, export, and import efforts. This is in addition to higher level efforts led by the U.S. Trade Representative. Currently, trade and foreign affairs functions are spread across the Department. They should be consolidated, and I thank my colleagues on the Ag Committee for including the mandate. We can't afford to

lag behind in today's global economy. In your testimony, you even highlighted the exponential growth in agricultural exports as one of the few bright spots in our economy. We need to see this continue.

We have seen two recent examples of manufactured crises that cost our farmers, ranchers, and producers dearly- the West Coast Ports shutdown and the backlog of Midwest railway shipments.

Mr. Secretary, how can this newly organized function provide direction to the Department, and U.S. Agriculture in general, by strategically focusing on trade related issues and avoid these types of situations in the future?

Response: I understand the concern that our farmers, ranchers, and producers have regarding timely availability of transportation of commodities and value-added agricultural products destined for export markets. I can assure you that we closely monitor trade disruptions that affect food and agricultural products, including the West Coast Ports shutdown and the availability of rail transportation for moving agricultural commodities. I fully appreciate the negative consequences that they had on our agricultural export trade. In fact, USDA prepared a report examining the implications for agriculture posed by rail service challenges in the Upper Midwest ([http://www.usda.gov/oce/economics/papers/Rail\\_Service\\_Challenges\\_in\\_the\\_Upper\\_Midwest.pdf](http://www.usda.gov/oce/economics/papers/Rail_Service_Challenges_in_the_Upper_Midwest.pdf)). Unfortunately, USDA has limited authorities to resolve these types of transportation disruptions. USDA can make the economic impacts known, but it does not have the authorities needed to bring the relevant parties to the table to address the situation. A new Under Secretary for Trade and Foreign Agricultural Affairs would face the same limitations with regard to statutory authorities to address such transportation issues.

Mr. Aderholt: Will you make the creation of this new function a priority in complying with the mandate? When do you expect to complete the Departmental study on this issue? Additionally, will you ensure that USDA cooperates with this Subcommittee's independent study in a timely manner?

Response: We have placed high priority on completing the Departmental report assessing the options to be considered for the potential creation of a new Under Secretary position. Once appropriations were available and contracting procedures completed, USDA entered into an agreement with the National Academy of Public Administration (NAPA) for completion of the study. The Office of the Chief Economist has worked with NAPA to identify the goals of the study, which are to:

- Evaluate the issues that the reorganization is intended to address;
- Identify feasible options for how USDA could structure and organize the Under Secretary for Trade and Foreign Agricultural Affairs position, including its underlying offices and responsibilities;
- Identify the challenges of creating such a position under the most feasible options; and
- Put forward recommendations for how this organization should be established within USDA, including an implementation roadmap.

NAPA has formed an Academy Panel and study team to conduct the assessment, with a kickoff meeting with USDA officials scheduled for April 8, 2015. Subsequent to the initial meeting, the Panel will meet with USDA Agencies and officials in addition to other key stakeholders. I can assure you that USDA will cooperate fully with the Panel in answering questions and

providing any information that it may need. The NAPA report is scheduled to be submitted to USDA in October 2015, or earlier. Once we receive the report, we will review its findings and recommendations carefully prior to proposing a course of action regarding potential reorganization of the Department. We will work closely with Congress as the process moves forward.

#### SODIUM

Mr. Aderholt: For years, Americans were told by the Dietary Guidelines Advisory Committee (DGAC) that cholesterol in foods including eggs were bad, but as it turns out the Committee recently reversed this recommendation. Many experts say such recommendations were never based on sound science to begin with, and that a warning on cholesterol was "weak, at best." In the case of sodium, the DGAC has recommended lower sodium intake levels in virtually all Americans, despite new science that demonstrates adverse health effects at low levels. How do we ensure that we are not risking the health of Americans due to insufficient or inaccurate science being used to establish national nutrition standards?

Response: The Dietary Guidelines for Americans provide food-based recommendations to promote health and help prevent disease based on the preponderance of current medical and scientific knowledge. USDA and HHS appoint an external, independent Advisory Committee to review current science and prepare an Advisory Report with recommendations to be considered in the development of the Dietary Guidelines. However, the recommendations in the Advisory Report are not the Dietary Guidelines or a draft of the Dietary Guidelines. The Departments will consider the Advisory Committee's recommendation and scientific basis, along with public and Federal agency comments, when developing the final Dietary Guidelines.

Similar to other nutrients such as calcium and fiber, the quantitative recommendations for sodium are not determined by the Dietary Guidelines process - they are determined by a separate Dietary Reference Intakes (DRIs) process conducted by the Institute of Medicine (IOM). The Dietary Guidelines translate the DRIs for nutrients (i.e., sodium, calcium, and fiber) into food-based recommendations (i.e., dairy, vegetables, and grains). Similar to previous Advisory Committees, the 2015 Advisory Committee compared current intakes in the U.S. to recommendations. This included a comparison of current intakes of nutrients, including sodium, to the DRIs. The 2015 Advisory Committee noted that current sodium intakes in the U.S., which average 3,478 mg/d, far exceed the IOM's DRI tolerable upper intake level (UL) of 2,300 mg/d. Because of this, the Advisory Committee recommended that sodium intake be reduced and combined with a healthful dietary pattern. To clarify, the 2015 Advisory Committee did not recommend a lower sodium standard than the 2010 Dietary Guidelines. In fact, the 2015 Advisory Committee stated that the recommendation to reduce sodium intake below 2,300 mg/d to 1,500 mg/d was for those with prehypertension or hypertension, not for the general population.

Mr. Aderholt: Over the past 2 years, four studies including 2 published in the New England Journal of Medicine and one from the Institute of Medicine (IOM) have found that diets too low in sodium (<2300mg/day) result in negative health outcomes. However, the Dietary Guidelines Advisory Committee (DGAC) chose not to consider the most current and relevant science when making their recommendations. To ensure that governmental policies are not detrimental to the health of Americans, would the USDA consider charging a third party panel to evaluate all the science before issuing its final

Dietary Guidelines for Americans report recommendations? If not, how will you ensure these studies are considered in development of all future policy?

Response: The 2015 Advisory Committee did consider the two articles from the *New England Journal of Medicine* conducted by Mente and O'Donnell and colleagues, as well as the Institute of Medicine (IOM) report, *Sodium Intake in Populations*. The Advisory Committee's assessment of this evidence is discussed in its report.

In summary, the Advisory Committee concurred with the findings from the IOM report that "evidence from studies on direct health outcomes is inconsistent and insufficient to conclude that lowering sodium intakes below 2,300 mg/d either increases or decreases risk of cardiovascular disease (CVD) outcomes (including stroke and CVD mortality) or all-cause mortality in the general U.S. population." The Advisory Committee also noted concerns with methodological flaws and limitations in the evidence on sodium intake and direct health outcomes. Further, when looking at the totality of the evidence (see list of citations considered by the Advisory Committee in a previous response), the Committee stated that "given the well-documented relationship between sodium intake and high blood pressure, sodium intake should be reduced and combined with a healthful dietary pattern."

The Advisory Committee recommended a reduction in sodium intake from current levels, which average 3,478 mg/d, with a goal of reaching the tolerable upper intake level (UL) of 2,300 mg/d (or age-appropriate DRI), which is set by the IOM. The Advisory Committee stated that people with prehypertension or hypertension would benefit from even lower sodium intake (to 1,500 mg/d), but did not recommend 1,500 mg/d as a goal for the general population.

The Dietary Guidelines as a whole will undergo an external peer-review process and Departmental review and clearance before release later this year.

Mr. Aderholt: Over the past several years there have been 28 published reports that have found that all-cause mortality increased in people with sodium consumption levels under 3000 mg/day. Despite this, the recent Dietary Guidelines Advisory Committee (DGAC) recommends that the majority of Americans reduce sodium intake, despite emerging and relevant science. I worry that such inaccurate and conflicting messages will only lead to additional consumer confusion as it relates to proper sodium consumption levels. How can we ensure that all of the relevant science is considered in this important policy process?

Response: Based on its review of the current scientific evidence in its totality, the DGAC concluded that the body of well-conducted studies as a whole continue to support a reduction in sodium from current intakes of 3,478 mg/d to the tolerable upper intake level of 2,300 mg/d, which is part of the DRI process set by the Institute of Medicine.

Mr. Aderholt: Since summer 2013 four studies have been published including a 2013 Institute of Medicine (IOM) report that states low sodium intake levels (<2300 mg/day) are not beneficial, and may even be detrimental to health. Despite this, the USDA standards for competitive foods, issued in 2013, lowered sodium intake levels to 1500mg/day. How can we ensure policies which have already been established, such as the competitive foods standards, take into account important new research that clearly state harmful effects at low levels of sodium intake?

Response: There seems to be some misunderstanding regarding the basis of the sodium targets, with some mistakenly asserting that they are based on lower thresholds such as Adequate Intakes (AI), which are closer to 1500 mg/day for adults. They are not. It is important to be clear that the IOM Final Targets are based on the Tolerable Upper Limit intakes (UL), which range from 1900-2300 mg/day for children, depending on age. Further, both current targets and Target 2 remain well above the UL.

The statement that competitive foods standards are based on a 1,500 mg/day limit is also incorrect. The competitive food standards are based on per-item limits, not a specific daily limit. These per-item limits were based on recommendations from the IOM, and took into account factors such as other foods and beverages consumed at mealtimes, existing voluntary competitive foods standards, and the *Dietary Guidelines for Americans*.

There is general consensus in the scientific community that the American public's sodium intake is excessive and that sodium is ubiquitous in the U.S. food supply. Sodium intake in children and adolescents is high, comparable to that in adults. A recent Morbidity and Mortality Weekly Report (MMWR) from the Centers for Disease Control and Prevention (CDC) reported that U.S. school-aged children consume an estimated 3,279 mg/day of sodium - intake levels that far exceed the DRI UL for sodium of 1,900 to 2,300 mg/day set by the IOM.

Studies suggest infants' and children's preference for sodium is shaped by dietary exposure - the less sodium they consume, the less they want. Higher sodium intake in children and adolescents is also associated with raised blood pressure. Consuming less sodium can lower blood pressure in children and adolescents, and lowering blood pressure during this critical stage in life reduces the risk for high blood pressure as an adult.

The Healthy, Hunger-Free Kids Act of 2010 (HHFKA) seeks to ensure that the food children receive in school optimizes their health and does not put them at a higher risk for chronic conditions such as diabetes and heart disease. USDA relied on the recommendations of experts at the IOM as the basis for the updated standards. The outcome was updated, science-based standards, in which the portions of school meals were "right-sized" to reflect the age and dietary needs of the students served and the appropriate balance between food groups. These updated standards also brought school meal requirements up-to-date with the Dietary Guidelines for Americans 2010 - as required by Section 9, of the Richard B. Russell National School Lunch Act - to provide children an array of vital nutrients and in a feasible way for schools.

Mr. Aderholt: The Dietary Guidelines Advisory Committee (DGAC) has recommended new studies be conducted to define the impact of improving dietary quality (including lowering sodium intake on hypertension, cardiovascular disease among others while considering medication interaction), however acknowledged that the current literature is incomplete. Since further important research is needed, and the recent research concludes adverse health outcomes at low sodium intake levels, will the department suspend development of any new policy and halt current policy until scientific consensus is reached?

Response: An important aspect of the DGAC's work is to acknowledge areas for future research. The 2015 Advisory Committee stated that more

research is needed in the area of dietary patterns and consideration of total dietary quality, but the Committee also stated that there is a well-documented relationship between higher levels of sodium intake and high blood pressure, and as such, recommended that current sodium intake, which averages 3,478 mg/d, should be reduced. For the general population, the 2015 Advisory Committee recommended that the goal for intake should be the Dietary Reference Intake (DRI) tolerable upper intake level of 2,300 mg/d (or age-appropriate DRI), which is set by the Institute of Medicine (IOM).

Several panels, including the 2005, 2010, and 2015 Dietary Guidelines Advisory Committees, the NHLBI Lifestyle Work Group, the American College of Cardiology/American Heart Association Task Force on Practice Guidelines, and the IOM Dietary Reference Intake Panel, have consistently documented the relationship between higher levels of sodium intake and high blood pressure, and there has been consensus among panels on the need to reduce high levels of sodium intake. The World Health Organization (WHO) notes that "The reduction of sodium intake in the population is a cost-effective public health intervention for preventing non-communicable disease and is one of the nine global targets selected by Member States for the prevention and control of non-communicable diseases."

Mr. Aderholt: The Dietary Guidelines Advisory Committee (DGAC) recently identified a research need for documenting the relationship between portion size and sodium intake. Since this suggests sodium intake levels are correlated with portion size/ calorie intake, and given the recent research concludes adverse health outcomes at low sodium intake levels, will the department halt development of any new policy until scientific consensus is reached on sodium?

Response: The 2015 Advisory Committee did note that more research is needed to document the relationship between portion size and sodium intake. The Advisory Committee also stated that it is known that the absolute amount of sodium intake is highly correlated with caloric intake. However, as noted above, the Advisory Committee also stated that there is a well-documented relationship between higher levels of sodium intake and high blood pressure, and as such, recommended that current sodium intake, which averages 3,478 mg per day, should be reduced. For the general population, the Advisory Committee recommended that the goal for intake should be the Dietary Reference Intake (DRI) Tolerable Upper Intake Level of 2,300 mg per day (or age-appropriate DRI), which is set by the Institute of Medicine (IOM). Several panels, including the 2005, 2010, and 2015 Dietary Guidelines Advisory Committees, the NHLBI Lifestyle Work Group, the American College of Cardiology/American Heart Association Task Force on Practice Guidelines, and the IOM Dietary Reference Intake Panel, have consistently documented the relationship between higher levels of sodium intake and high blood pressure, and there has been consensus among panels on the need to reduce high levels of sodium intake. The World Health Organization (WHO) notes that "The reduction of sodium intake in the population is a cost-effective public health intervention for preventing non-communicable disease and is one of the nine global targets selected by Member States for the prevention and control of non-communicable diseases."

#### FARM BILL IMPLEMENTATION

Mr. Aderholt: Please provide a timeline and a summary of progress to date for implementing the various parts of the farm bill?

Response: To date, we've made important progress on every title of the Farm Bill including updates to risk management tools, modifications to farm loan programs, announcements regarding available funds for agricultural research, disaster relief to farmers and ranchers and much more. Information on progress and accomplishments is available on the Department's Farm Bill Implementation website:  
<http://www.usda.gov/wps/portal/usda/usdahome?contentidonly=true&contentid=progress-2014-farm-bill.html>

In addition, the table below provides a list of Farm Bill regulations in date-order of publication. Program regulations that have been published at the interim or final rule stage of rulemaking are considered fully implemented although additional changes may be made in future rulemaking to address any public comments that have been received. Program regulations published at the proposed stage of rulemaking will require that either an interim or final rule be published before they can be considered fully implemented.

[The information follows:]

Regulatory Title	Farm Bill Section(s)	Publication Date	Stage of Rulemaking
Extension of Dairy Forward Pricing Program	1424	3/21/14	Final
Exemption of Bulk Containers of Export Apples to Canada from Inspection and Certification Requirements	10009	4/4/14	Interim
Supplemental Agricultural Disaster Assistance Programs, Payment Limitations, and Payment Eligibility	1501, 1601 1603, 1605	4/14/14	Final
Technical Assistance for Specialty Crops	3205	5/6/14	Final
Integrated Resource Service Contract Fire Liability Clause	8205	5/22/14	Interim
National Sheep Industry Improvement Center	12102(b)	6/3/14	Interim
Implementing Multiple Title XI - Crop Insurance Provisions	2611, 11007 11009, 11014 11015, 11016 11019	7/1/14	Interim
Commodity Supplemental Food Program	4102	7/9/14	Final
Regulatory Title	Farm Bill Section(s)	Publication Date	Stage of Rulemaking
Notice, Comment, and Appeal Procedures for National Forest System Projects and Activities and the Project-Level Predecisional Administrative Review	8006	7/31/14	Final

Regulatory Title	Farm Bill Section(s)	Publication Date	Stage of Rulemaking
Changes to Existing Conservation Program Regulations	2503, 2603 2607, 8203	8/1/14	Interim
Cotton Transition Assistance Program	1119	8/8/14	Final
Exempt Bulk Containers of Export Apples to Canada from Inspection and Certification Requirements	10009	8/25/14	Affirmation of Interim Rule
Margin Protection Program for Dairy and Dairy Product Donation Program	1501-1510	8/29/14	Final
B&I Guaranteed Loan Program - Rewrite	6010	9/15/14	Proposed
National Sheep Industry Improvement Center	12102(b)	9/17/14	Affirmation of Interim Rule
Agriculture Risk Coverage and Price Loss Coverage	1111-1119	9/26/14	Final
Farm Loan Programs, Entity Eligibility Changes	5001, 5002 5101, 5106 5201, 5303	10/8/14	Interim
Guidelines for Designating Biobased Products for Federal Procurement	9002	10/27/14	Proposed
Voluntary Labeling Program for Biobased Products	9002	10/27/14	Proposed
Conservation Stewardship Program	2101	11/5/14	Interim
Environmental Quality Incentives Program	2201	12/12/14	Interim
Noninsured Crop Disaster Assistance Program	12305	12/15/14	Interim
Rural Area Definition for Housing	6208	12/15/14	Final
Exemption of Producers and Handlers of Organic Products from Assessment Under a Commodity Promotion Law	10004	12/16/14	Proposed
Rural Energy for America Program	9007	12/29/14	Final
Farm Loan Programs Changes	5002-5005, 5102, 5103, 5106, 5107, 5303	12/31/14	Final
Regulatory Title	Farm Bill Section(s)	Publication Date	Stage of Rulemaking
Marketing Assistance Loans, Loan Deficiency Payments, and Sugar Loans	1201-1210, 1301	1/2/15	Final

Regulatory Title	Farm Bill Section(s)	Publication Date	Stage of Rulemaking
Repeal of the Forest Land Enhancement Program	8001	1/6/15	Final
Repeal of the Dairy Export Incentive Program	1423	1/14/15	Final
Minor Changes to RMA's Existing General Administrative Regulations - Subpart V	11010, 11011, 11026	2/25/15	Proposed

Aderholt: What are the priority programs that still need to be implemented?

Response: USDA considers all programs in the Farm Bill to be a priority. The following table provides a list of Farm Bill regulations, ordered by section number, that have not yet been published. There are a number of factors why these rules have not yet been published or that may make the program a lower priority in terms timing for implementation, including:

- USDA is still analyzing and addressing comments received on a proposed or interim rule which had been published previously.
- The program is operating under existing regulations and the Farm Bill changes were minor or could be implemented administratively with regulations to follow.
- The program is subject to appropriations and we do not anticipate receiving funding in an annual appropriations act.
- The Farm Bill required the completion of a study or third-party analysis prior to implementation.
- The Farm Bill provided USDA discretion to determine whether or not implementation was warranted under current conditions.

[The information follows:]

Farm Bill Section(s)	Regulatory Title	Stage of Rulemaking	Notes
1604	Payment Limitation and Payment Eligibility - Actively Engaged in Farming	Final	Proposed rule published 3/26/2015.
2001-2008	Conservation Reserve Program (CRP)	Interim	Pending completion of Environmental Impact Statement required under the National Environmental Policy Act.
3207	Local and Regional Food Aid Procurement	Final	
4001, 4005 4017, 4019 4020, 4020 4023	Nondiscretionary SNAP Provisions: Container Deposits, Medical Marijuana, Small Errors, Quality Control, Evaluation, and Performance Bonus	Final	Implemented via memorandum to the States. Regulatory changes will codify provisions.
4002	SNAP: Modernizing SNAP benefit Redemption Systems	Proposed	
4002	Electronic Benefits Transfer Requirements for Scanning and Product-Lookup Technology	Proposed	
4002	SNAP: Enhancing Retailer Standards in SNAP	Proposed	
Farm Bill Section(s)	Regulatory Title	Stage of Rulemaking	Notes
4003	SNAP: Delivery Service	Proposed	
4006	SNAP: Low-Income Home Energy Assistance Program (LIHEAP)	Proposed	
4007, 4008 4009, 4015	SNAP: Student Eligibility, Convicted Felons, Lottery and Gambling, and State Immigration Verification Provisions	Proposed	
4012, 4014 4016	SNAP: Restaurant Meals, Use of Benefits to Purchase Community Supported Agriculture, and the Public Disclosure of Retailer Redemption Data	Proposed	
4013	SNAP: Requirement for National Directory of New Hires Wage Verification	Interim	
4018	SNAP: Government Sponsored Recruitment	Proposed	
4022	SNAP: Employment and Training Outcome Measures	Interim	
4027	TEFAP: Emergency Food Assistance	Final	

Farm Bill Section(s)	Regulatory Title	Stage of Rulemaking	Notes
4028	SNAP: Nutrition Education	Final	
4032	Annual State Verification Report	Proposed	
4104	Processing of Commodities	Proposed	
4206	Healthy Food Financing Initiative	Final	
4208	Food Insecurity Nutrition Incentive	Final	
4209	Food and Agriculture Service Learning Program	Final	
5402	Highly Fractionated Land	Final	
6006	Community Facilities Technical Assistance and Training	Final	
6010	B&I Guaranteed Loan Program - Rewrite	Final	Proposed rule published 9/14/2014
6019	Water and Waste Disposal Infrastructure	Proposed	
6020	Simplified Application	Proposed	
6025	Strategic Economic and Community Development	Proposed	
6101	Fee for Loan Guarantee	Interim	
6104	Broadband	Final	
Farm Bill Section(s)	Regulatory Title	Stage of Rulemaking	Notes
6203	Value-Added Product Grants (VAPG)	Final	
6205	Rural Energy Savings	Proposed	
6209	Program Metrics	Final	
7101, 7123 7128, 7211 7301, 7306 7409, 7516 9008	Omnibus NIFA FB Rule - Specialty Crop, Matching Requirements, Beginning Farmers and Ranchers, OREI, Sun Grant, Capacity Building, etc...	Final	
7214	Centers of Excellence	Final	Implemented via funding announcement. Future regulatory changes will codify provisions.
7404	Competitive, Special, and Facilities Research Grant Act (AFRI Commodity Board)	Final	
8205	Stewardship End Result Contracting	Final	
9002	Guidelines for Designating Biobased Products for Federal Procurement	Final	Proposed rule published 10/27/2014
9002	Voluntary Labeling Program for Biobased Products	Final	Proposed rule published 10/27/2014

Farm Bill Section(s)	Regulatory Title	Stage of Rulemaking	Notes
9003	Biorefinery Assistance Program - - Biobased Product Manufacturing Facilities	Interim	
10003 10004(c) 10010 12102	AMS Grant Authority	Proposed	
10004	Exemption of Producers and Handlers of Organic Products from Assessment Under a Commodity Promotion Law	Final	Proposed rule published 12/16/2014
10005	Investigation and Enforcement of the Organic Food Production Act of 1990	TBD	
11010 11011 11026	Minor Changes to RMA's Existing General Administrative Regulations - Subpart V	Final	Proposed rule published 2/25/2015
12101	Trichinae Certification Program	Proposed	
12104	Country of Origin Labeling	Final	
12106	Mandatory Inspection of Catfish	Final	
12308	Animal Welfare De Minimis	Proposed	

Aderholt: Does the President's budget propose new funding to implement the law?

Response: The President's budget proposes funding for a Military Veterans Agricultural Liaison. The new position, authorized by the 2014 Farm Bill, will provide information to returning veterans and connect veterans with beginning farmer training and agricultural vocational and rehabilitation programs appropriate to the needs and interests of returning veterans, including assisting veterans in using Federal veterans educational benefits for purposes relating to a beginning farming or ranching career. The position will also provide information to veterans concerning the availability and eligibility requirements for participation in agricultural programs, with particular emphasis on beginning farmer and rancher programs.

Mr. Aderholt: The farm bill provided \$175 million in mandatory funding to implement the farm program and crop insurance parts of the law. How does the Department plan to utilize these resources?

Response: The 2014 Farm bill provides a total of \$235 million in mandatory funding to be used by the Farm Service Agency (FSA) and Risk Management Agency (RMA) as follows:

- \$100 million will be used by FSA to implement Title I of the 2014 Farm Bill to hire temporary employees; develop educational and information technology tools for the implementation of Agriculture Risk Coverage (ARC), Price Loss Coverage (PLC), and the Noninsured Disaster Assistance Program (NAP); support operational costs, i.e. travel and training, for temporary staff implementing these programs; and conduct outreach, through cooperative agreements, with universities and state extension services;

- \$90 million will be used between RMA (\$70 million) and FSA (\$20 million) to implement the Acreage and Crop Reporting Streamlining Initiative (ACRSI).
- \$45 million will be used by RMA to improve program integrity, to aid in program maintenance, and to implement provisions of the 2014 Farm Bill.

Mr. Aderholt: Will it be for temporary staff, computer systems or outreach?

Response: FSA and RMA will use these funds for a combination of staff (FSA, additional temporary personnel to implement Title 1 of the 2014 Farm Bill), computer systems (RMA, maintaining, updating and enhancing IT security and FSA (IT development for ARC, PLC and NAP), and outreach (FSA, cooperative agreements with universities and state extension services).

#### RURAL DEVELOPMENT PROGRAMS

Mr. Aderholt: Will you explain how the proposed cuts to the rural water and waste disposal program, which had about a \$3.5 billion backlog, and certain housing and business programs helps to build a foundation for future economic growth in rural America?

Response: Rural Development mission area is committed to continuing to serve small and economically challenged rural communities. Given the tight fiscal constraints that the Federal government is operating under, Rural Development is committed to working smarter on behalf of rural America.

The Department continues to recognize the responsibility we share to help shoulder the burden of deficit reduction and, as such, have pursued continual process improvements to ensure that our agency operates as a responsible steward of taxpayer dollars. Over the past ten years, Rural Development's loan portfolio has more than doubled and now stands at \$210.5 billion.

In terms of service, Rural Development is focusing on Community Economic Development initiatives that assist communities and regions realize their long-term goals. The Rural Development is doing so through technical assistance that supports strategic planning for self-sustaining rural development. This coordinated, regional work helps rural areas make the most of Federal assistance. Working regionally gives smaller and poorer communities an opportunity to pool limited resources with neighboring communities and successfully compete for Federal funding.

The 2014 Farm Bill also provides tools needed for the Rural Development to be more creative in addressing rural needs. For example, Section 6025 allows a 10 percent set-aside for program funds that support strategic economic and community development plans. This provision encourages cooperation and focus on planned development. Another provision will enable community facilities funds to be used for technical assistance, which will ensure the projects RD finances are well designed and also that these funds reach limited resource communities.

The tools provided in the Farm Bill, coupled with USDA initiatives focused on community economic development, build a foundation for future economic growth in rural America.

Mr. Aderholt: Why does the Department insist on proposing cuts to the direct housing loan program?

Response: Single Family Housing Direct loan program plays an important role in meeting USDA's commitment to improving the economic vitality and quality of life in rural America. It is anticipated that at the FY 2016 proposed funding level of \$900 million for Section 502 approximately 6,800 low and very low-income families will achieve homeownership. The Department acknowledges the importance of the Section 502 Direct Loan program in providing low and very low-income families an opportunity to attain homeownership in rural America. Our budget authority request for FY 2016 actually decreased from \$66 million provided in FY 2015 to \$61 million. With continued low interest rates and the increased use of our guaranteed program, we project that about 30,300 of low- and very low-income rural families will be served with guarantees of loans from participating lenders. Direct loan program request will still assure families participating in Self-Help housing and those with greater needs will have access to credit to own their own homes.

USDA also intends to continue developing partnerships with qualified nonprofit organizations in rural areas to deliver program funds where they are needed most. These partnerships occur with our field offices and local non-profits. We are also establishing a certified loan packager program where trained non-profit staff would assure program funds go to those who lack other housing opportunities. We recognize that families living in more rural, poorer communities have difficulties accessing programs and services that promote long-term wealth. The Department anticipates that the assistance from nonprofit groups will provide targeted delivery of program funds to the most economically distressed and lower income communities.

#### INFORMATION TECHNOLOGY SECURITY

Mr. Aderholt: This Subcommittee takes very seriously USDA's long-standing problems with the security over its information technology systems and the personal, financial, and secret data held by these IT systems. For more than 10 years and as recently as a few months ago, USDA's Inspector General has issued numerous reports critical of the security operations at the Office of the Chief Information Officer and the agencies. Is information technology security one of your top priorities? Please tell us about your efforts on this issue.

Response: The security of USDA's IT systems and data has been a priority for the Department. I am briefed monthly by USDA's Chief Information Officer (CIO) on USDA's IT portfolio, and she meets with component agency administrators semi-annually to discuss outstanding IT security issues related to their respective IT portfolios. At the same time, USDA's ASOC (Agriculture Security Operations Center) continues its diligent work on both current and breaking issues, including outstanding audit issues. The following are some of the actions taken to strengthen information technology security.

[The information follows:]

- In 2015, the ASOC published six Department regulations addressing the Risk Management Framework, Continuous Assessment and Authorization, Configuration Management, Security Awareness and Role-Based Training, and Security Incident Management.
- The ASOC has reported 100% of applicable IT security incidents to the DHS (Department of Homeland Security) US-CERT (Cyber Emergency Response Team). Using DHS's new guidance, the Department will continue to expand and leverage the incident forensics activities to enhance the security posture of the Department.
- From 2010 to the present, the ASOC has conducted 21 in-depth assessments of the agencies' Operational Security Program effectiveness, with five additional assessments scheduled to be completed this fiscal year.
- USDA/OCIO offers FedRAMP compliant cloud IT shared services to Federal departments and agencies in support of the Federal CIO's 25 Point Implementation Plan to Reform Information Technology Management, including the Cloud First Policy, Federal IT shared Services Strategy, and the Federal Data Center Consolidation Initiative.
- USDA's Cloud computing technology supports the President's International Strategy for Cyberspace by providing on-demand provisioning, resource pooling, elasticity, network access, and measured services. USDA has achieved our target of over 80% voluntary compliance with the use of Homeland Security Presidential Directive 12 (HSPD-12) compliant Personal Identity Verification (PIV) credential for logical network access and is currently at 15% toward achieving a technical solution for PIV enforcement. Finally, USDA has achieved 89% TIC 2.0 capability implementation and 100% consolidation of USDA's network traffic through a Trusted Internet Connection (TIC)/Managed Trusted Internet Protocol Service (MTIPS) solution.

Mr. Aderholt: The Inspector General has called out several cases of inefficient management of IT resources in the past. What is USDA doing to ensure that appropriated resources are managed more efficiently?

Response: In response to the IG reports on the management of IT resources, OCIO has closed 17 of the 21 OIG recommendations. The following table identifies the four open recommendations with corrective actions and the current status of implementing those recommendations by January 2017.

Recommendation	Corrective Action	Status	Estimated Completion
<p>Develop and implement procedures to synchronize firewall rule sets at network Trusted Internet Connection (TIC) locations.</p>	<ol style="list-style-type: none"> <li>1. Establish security policy procedures to address recommendation.</li> <li>2. Recertify all agency policy exceptions.</li> </ol>	<ol style="list-style-type: none"> <li>1. Technical solution has been installed and tested.</li> <li>2. Policy exceptions under review.</li> </ol>	<p>August 31, 2015</p>
<p>Develop and implement controls to ensure network devices are scanned monthly.</p>	<ol style="list-style-type: none"> <li>1. Establish procedures to address recommendation.</li> <li>2. Modify GSA Network Task Order with AT&amp;T to incorporate new procedures as part of Task Order performance.</li> </ol>	<ol style="list-style-type: none"> <li>1. Procedures have been drafted and are under review.</li> <li>2. Task Order modification has been drafted and is under review by USDA Contracting Officer.</li> </ol>	<p>September 30, 2015</p>
<p>Develop and implement physical and environmental controls required for each network site.</p>	<p>Complete transition to final technical solution.</p>	<ol style="list-style-type: none"> <li>1. USDA is exploring options, including acquisition of a technical solution to close the recommendation.</li> <li>2. Compensating controls are in place to ensure current technical solution meets physical and environmental control requirements.</li> </ol>	<p>January 30, 2017</p>
<p>Develop and implement procedures to ensure all personnel working on</p>	<ol style="list-style-type: none"> <li>1. Establish a Contractor Investigation</li> </ol>	<ol style="list-style-type: none"> <li>1. Procedure completed.</li> </ol>	<p>August 31, 2015</p>

Recommendation	Corrective Action	Status	Estimated Completion
the Network Task Order have the required background investigation.	Procedure.  2. Complete the identification and investigation of all contractor staff working under the USDA, GSA Network Task Order.	2. Coordinating with GSA on the process to adjudicate contractors on the USDA Network Task Order.	

Mr. Aderholt: Does USDA need additional legislative authority to address its IT security problems? Have you considered providing the Chief Information Officer with more authority or support to allow it to require agencies to implement critical IT security measures?

Response: We do not need any additional authority to address USDA's IT security problems. Recent changes made by the Federal Information Technology Acquisition Reform Act (FITARA) legislation has strengthened the role of USDA's Chief Information Officer (CIO) by establishing effective governance over IT procurement actions and by providing greater visibility into, and control over, agency activities. These changes ensure adherence to strategic goals, budget priorities, agency architecture, and security standards.

#### IMPROPER PAYMENTS

Mr. Aderholt: In March 2014, the Inspector General released a report on USDA's compliance with the Improper Payments Elimination and Recovery Act. While the department's overall error rate fell from 5.37 percent in 2011 to 5.11 percent in 2012, there are still significant problems. For example, USDA has some high-risk programs that did not comply with the Act for a second year in a row. Under the Act, when a program does not comply for more than three years in a row, the agency is required to propose statutory changes to bring the programs into compliance. What is USDA doing to bring these programs into compliance? What is USDA doing to reduce improper payments?

Response: USDA believes program integrity is critical to the overall success of the programs we administer and that funds must be used properly to earn America's trust that these programs deliver results while protecting taxpayer dollars. Two USDA agencies had programs that were non-compliant more than three years in a row, the Farm Service Agency (FSA) and the Food and Nutrition Service (FNS). During this period, the Agricultural Act of 2014 was submitted to Congress. The Direct and Counter-Cyclical Payment Program was repealed and the Noninsured Crop Disaster Assistance Programs were reauthorized meeting the requirements for programs that did not comply for three years in a row. We anticipate that the Inspector General will accept these actions in the upcoming report and will also find that, Noninsured Crop Disaster Assistance Programs is not fully compliant.

To address compliance issues in our food and nutrition programs, FNS submitted budgetary proposals for National School Lunch Program and School Breakfast Program. We believe this meets the intent of the requirement and are discussing whether additional actions must be taken with the Inspector General. FNS is also planning to submit legislation for the Special Supplemental Nutrition Program for Women, Infants, and Children and Child and Adult Care Food Program.

In addition, USDA's FY 2016 budget provides for strategic funding increases to help us reduce improper payments bring our programs into compliance with the Improper Payments Elimination and Recovery Act. Included in the FY 2016 budget request is \$14.5 million to automate and streamline reporting, increase operational efficiency, reduce improper payments, and otherwise enhance program integrity for Child Nutrition Programs; an additional \$4 million to ensure that States are meeting the highest standards of program integrity in administering SNAP; and \$2.1 million for the Risk Management Agency to enhance regulatory compliance, with a focus on improving error rate sampling for improper payments. More detailed information has been submitted for the record.

[The information follows:]

To address the high improper-payment rates in the school-meals programs, among other actions, USDA worked with Congress to develop the Child Nutrition and WIC Reauthorization Act of 2004 (CNR). CNR required school districts to directly certify students that receive SNAP benefits for free meals in all school districts by the 2008-2009 school year. USDA officials are emphasizing the use of direct certification, because it helps prevent certification errors without compromising access. School-meals programs and SNAP have similar income-eligibility limits.

Direct certification has reduced the administrative burden on SNAP households, as they do not need to submit a separate school-meals application. It also reduces the number of applications school districts must review. Since passage of the CNR, the number of school districts directly certifying SNAP-participant children has continued to increase. For example, during the 2008-2009 school year, 78 percent of school districts directly certified students, and by the 2012-2013 school year, this percentage had grown to 91 percent of school districts, bringing the estimated percentage of SNAP-participant children directly certified for free school meals to 89 percent. USDA is also conducting demonstration projects in selected states and school districts to explore the feasibility of directly certifying children that participate in the Medicaid program.

During the demonstration projects, eligible children will be directly certified for free school meals based on a review of income and participation information received from Medicaid agencies through automated data-matching processes, with no household-application requirement. Five states participated in the studies during the 2012-2013 school years, six participated during the 2013-2014 school year, and more are expected to participate during the 2014-2015 school year.

USDA requires administering state agencies to conduct regular, on-site reviews—referred to as administrative reviews—to evaluate school districts that participate in the school-meals programs. The Healthy, Hunger-Free Kids Act of 2010 increased the frequency of these reviews from every 5 years to every 3 years. Starting with the 2013-2014 school year, state agencies are

required to conduct administrative reviews at least once during a 3-year review cycle, with no more than 4 years between the reviews. During this process, state agencies are to determine whether free, reduced-price, and paid lunches were properly provided to eligible students; and that meals are counted, recorded, consolidated, and reported through a system that consistently yields correct claims.

As part of this process, state agencies are to conduct on-site reviews of school districts to help ensure that applications are complete and that the correct eligibility determinations were made based on applicant information. In reviewing eligibility determinations, the state agency may elect to review documentation for all students certified for free or reduced-price or a statistically valid sample. Once the names of students subject to review have been identified, the state agency reviews the household application or direct certification to determine whether or not the certification decision was correct; supporting documents—such as payroll records or benefit award letters—are not obtained during the administrative review process. In addition, during the on-site review, state agency officials are to observe the meal service—to determine whether the meals claimed meet the federal requirements for a reimbursable lunch, including nutrition and portion requirements—as well as the process of counting and recording meals. School districts that have administrative review findings are to submit a corrective-action plan to the state agency, and the state agency is to follow up to determine whether the issue has been resolved. USDA regulations require all state agencies to report the results of administrative reviews to FNS by March 1 of each school year. FNS confirms that agencies have completed the administrative reviews as a part of their oversight of state agencies.

In February 2012, USDA distributed guidance to state administrators to clarify that school districts have the authority to review approved applications for free or reduced-price meals for school-district employees when known or available information indicates school-district employees may have misrepresented their incomes on their applications. However, this for-cause verification should be used selectively and not to verify the household income of all school district employees whose children are certified for free or reduced-price meals. Under the guidance, school districts can identify children of school-district employees and use salary information available to them to identify questionable applications and then conduct for-cause verification on the questionable applications, if necessary. In August 2012, USDA also updated its school-meals eligibility manual—used by school districts to determine and verify eligibility—with this guidance.

#### MODERNIZE AND INNOVATE THE DELIVERY OF AGRICULTURAL SYSTEMS (MIDAS)

Mr. Aderholt: The House Report accompanying the FY 2013 House Appropriation Bill (H.Rept. 112-542) clearly stated that the Committee viewed the MIDAS initiative as the top administrative priority for USDA and this position remained unchanged going into FY 2014. In delivering vital mission-based services directly to farmers and ranchers, this program was supposed to represent the greatest efficiency improvement amongst any other streamlining effort at USDA. After inclusion of the FY 2014 appropriation, Congress will have invested close to \$400 million in the timely and successful implementation of MIDAS at the Farm Service Agency. Please provide a full status of what modules or components of MIDAS were promised to Congress at the beginning of the project and provide a status of each of the originally planned deliverables?

Response: When MIDAS was approved in 2007, the project scope was based on developing a single platform to manage all of the farm programs managed by FSA. Between program inception in 2007 and today, two Farm Bills have passed, each modifying the suite of farm programs to be managed. In 2012, the decision was made to undertake a common process and data-centric approach focusing on land (data & imagery), farm record, acreage, and business partner data. The processes and data included in this approach supported the full suite of farm programs.

In June 2014, the Executive Information Technology Resources Investment Board (E-Board) recommended to the Secretary that any new Development, Modernization, and Enhancement (DME) activities on MIDAS cease following the release of the "Business Partner" functionality (released December 2014). Further, the E-Board recommended that additional functionality, such as the ability of agricultural producers to interact with FSA online, be developed separately in smaller, more modular, investments that reflect the current vision for FSA's role and opportunities to improve service, including provisions of the 2014 Farm Bill.

Further, based on the recent audit of the MIDAS program conducted by USDA's Office of Inspector General and the arrival of FSA's new Chief Information Officer, the Agency will be evaluating prior published technical roadmaps to determine how well they align with current plans.

Scope	Functionality Delivered
• Common Data for Farm Records with Geographic Information systems (GIS) Integration	Delivered April 2013
• Product Master (Crop Table)	Delivered April 2013
• Common Data for Business Partner to be used in program eligibility and payment calculations	Delivered December 2014
• FSA Acreage Reporting and Inventory Reporting with GIS integration	Halted per management guidance. FSA is leveraging Acreage and Crop Reporting Streamlining Initiative (ACRSI) to establish a USDA-wide acreage reporting business process.
• Customer Self Service	Halted per management guidance. FSA Roadmap for Customer Self Service to be delivered in 2015.
• Analytics	Halted per management guidance. FSA Roadmap for Reporting and Analytics to be delivered in 2015.
• Common Business Processes	Halted per Management guidance.
• Farm Programs	Halted per Management guidance.
• Technical Infrastructure System Platform	Migration of all programs except Marketing Assistance Loans (MAL) complete. Migration of MAL scheduled for completion in 2015.

Mr. Aderholt: Of the 14 contractors or more who have received funding for MIDAS, please provide a list of the contractor, the dates of the contracts and the funds made available to each.

Response: MIDAS contract information as of February 24, 2015 is provided for the record.

[The information follows:]

Vendor	Description of Service	MIDAS Obligations (\$ in Millions)	Date
Advantage Solution, Inc.	Integration of SAP ERP and ESRI GIS Commercial-off-the-Shelf (COTS) software	\$8.03	6/29/10 - 6/28/15
BearingPoint	SAP Gap Analysis, Acquisition Sizing Support, and Business Process Operating Model	\$0.16	1/8/08 - 2/29/08
Booz Allen Hamilton	SAP-Web Farm interface development and MIDAS application maintenance	\$23.57	12/10/10 - 11/30/15
Capgemini	Independent Verification and Validation	\$16.36	4/23/10 - 8/26/15
CarahSoft	Software licenses and maintenance for SAP users and implementation tools, SAP training, SAP MaxAttention/MaxSecure services, integration of SAP ERP and ESRI GIS COTS software	\$41.60	3/14/14 - 3/13/16
Deloitte	Program management support and organizational change management	\$36.45	10/13/13 - 1/14/15
DRT Strategies	Program management support	\$2.16	1/5/15 - 7/31/15
Global Knowledge	Global Knowledge Course Code 2975	\$0.02	1/5/12 - 12/1/12
Harmonia	Database administration and management during operations and maintenance	\$0.30	9/18/14 - 6/7/15
Hewlett-Packard	Database administration and management during operations and maintenance	\$0.21	6/21/08 - 10/2/14
MilVets Systems Technology, Inc.	Independent testing of major releases and during operations and maintenance	\$4.09	11/9/14 - 11/8/15
SAIC	Architecture and design for Customer Self-Service capabilities	\$0.66	9/24/10 - 9/23/14
SRA International	System integration, service operations and technical support during development, modernization, enhancement (DME) and operations and maintenance	\$213.11	5/19/10 - 9/29/15

Vendor	Description of Service	MIDAS Obligations (\$ in Millions)	Date
Top Office Personnel	Acquisition support	\$0.11	10/1/08 - 9/1/09
Torres	Lean Six Sigma re-engineering, program management support	\$10.09	9/24/07 - 5/31/11
Waterman	Program management support	\$2.71	9/30/08 - 9/30/10

Mr. Aderholt: The Administration informed the House and Senate Agriculture Subcommittees that USDA made available more funding to the MIDAS project in FY 2014 than what was previously stated in budget documents (i.e., more than \$65 million). What is the total amount made available in FY 2014 and what was the source of the funding? What was the impact on those areas that served as a source of funding for additional MIDAS spending?

Response: The total for MIDAS in FY 2014 was \$99.47 million. The FY 2014 President's Budget included \$65 million, with additional funds from savings due to a hiring freeze in 2013 and another \$3 million from in carryover from information technology (IT) funding. Due to the FY 2013 sequester and rescission, FSA took several steps to operate within funding availability, including implementing a hiring freeze. As a result of the hiring freeze, FSA ended FY 2013 with a non-federal employment level below the ceiling. FY 2014 started with a multi-day shutdown and then a continuing resolution into January 2014; vacant positions were not filled during this period, and non-federal employment levels dropped further by the end of January, resulting in a half-year salary savings of approximately \$26 million. Based on the assumption that FSA would need to achieve the lower staffing levels as presented in the FY 2015 budget, FSA provided \$29 million to make progress on the MIDAS project. In August 2014, OMB approved \$5 million additional MIDAS funding from FY 2014 salaries and expenses (S&E).

Mr. Aderholt: Looking at the current timeline for MIDAS or future projects tied to MIDAS, when does USDA expect to have everything in place so that farmers and ranchers will be able to provide input and gain information from their homes and offices on the status of their particular farming operations? On a related note, when might we start to see measurable savings from the implementation of this system?

Response: With the combined functionality implemented through Farm Records and Business Partner, MIDAS has begun the process to support online access by farmers, and customers will be able to conduct business with any service center nationwide due to the integrated data model. Self-service capabilities will be extended to farmers and ranchers through the USDA service center client gateway initiative. The Department will grow the online functionality offered to farmers over time. Cost savings are based upon the

timeline for adopting customer self-service capabilities and the online tools.

In response to a recent OIG Audit on MIDAS, FSA will obtain a non-USDA, third-party independent analysis to determine if the current enterprise solution provides the necessary functionality and is the most cost effective modernization solution.

#### BIOTECH REVIEW IN APHIS

Mr. Aderholt: In FY 2013, USDA announced process improvements to the biotech petition regulatory review program intended to significantly reduce the time for review and approval of new traits in seed products. Despite fiscal challenges, Congress recognized the importance of supporting APHIS and the corresponding potential for biotech crops by providing the Agency with a \$5 million increase in FY 2012 and has maintained those levels in FY 2013 and FY 2014. USDA has made few announcements on moving anything through the regulatory process or showing any concrete improvement in reducing timelines. When will we expect to see more results from this revised process and the increased investment?

Response: Results of the 2012 process improvement are substantial. Prior to process improvement implementation, USDA had a backlog of 23 petitions. Today, USDA only has two backlogged petitions and we expect to complete them in FY 2016. In addition, we have made significant progress in decreasing timelines. For example, published petitions are currently taking on average 1.8 years, a time savings of approximately 1.2 years.

Mr. Aderholt: Does USDA expect that this new process will help U.S. producers maintain a competitive advantage over U.S. competitors in overseas markets?

Response: Since 2012, USDA identified and implemented innovative ways to improve the biotechnology petition review process. USDA's targeted timeframes can compete with the average time it takes for product deregulation in other countries around the world. These efforts will help U.S. producers by significantly reducing the length and variability of the review process without compromising the quality of the analyses that support our decisions. Since FY 2012, USDA completed 28 petitions, 16 of which partially or fully followed the new process.

Mr. Aderholt: You have demonstrated an appreciation for the great potential of biotechnology and have focused on the issues of coexistence and science in order to lessen the fear and confusion expressed by the opponents of this technology. However, many in Congress are concerned that the politics of biotechnology may be interfering with the scientific review process.

Last year, you told us that the goal was to get approvals done in about one year. However, USDA's own data shows that it took on average almost 900 days for the eight products approved in 2013. USDA also committed to eliminating the backlog of 22 petitions in "about a year". In two years, USDA was able to decrease the backlog by only six petitions.

Can you explain what improvements or resources are needed to ensure future products are reviewed and regulatory decisions are made in a more timely and predictable manner?

Response: USDA appreciates the efforts of Congress to provide the necessary resources to USDA's biotechnology program and its continuing efforts to oversee certain genetically engineered organisms that might pose a risk to plant health. To date, USDA reduced the number of petitions in the backlog to two. This is an indication that the process improvements begun in 2012 are effective, and continual efforts have been made to improve timeliness. The level requested in the President's FY 2016 budget proposal for Biotechnology Regulatory Services will provide sufficient funding to meet the new process timelines.

Mr. Aderholt: If the delays in the review process are not the fault of USDA what should Congress do to ensure that other agencies base their decisions on science?

Response: With the funding level requested in the FY 2016 President's budget, USDA will have sufficient resources to make timely regulatory decisions based on sound science, continue to eliminate the backlog, and comply with environmental regulations. We will continue to work closely with the Department of Health and Human Services' Food and Drug Administration and the United States Environmental Protection Agency to share scientific information related to the products under review.

Mr. Aderholt: What can you do to clear the backlog in biotech reviews by the end of 2015?

Response: USDA has made significant progress in improving the timeliness of reviews and has reduced its 2012 backlog from 23 petitions to two. The two remaining petitions, which are creeping bentgrass and freeze tolerant eucalyptus, require extensive review and environmental analyses. USDA is currently preparing an Environmental Impact Statement (EIS) for these two petitions. Products that require a full EIS involve a longer period of time to complete and thus are not held to the established timeframes of our new process. Nevertheless, the Agency has dedicated resources to conduct the more rigorous analysis for these genetically engineered products. At this time, USDA expects to complete the remaining two petitions in FY 2016.

Mr. Aderholt: One reason for the long review times in this process goes back to the environmental impact assessment. I understand last year you made a commitment along with then-EPA Administrator Jackson to improve coordination between the two agencies. (a) Has USDA made any improvements in this part of the process with EPA so that thorough reviews are performed in a quicker manner? (b) Are the two agencies working better than they had before?

Response: Yes, USDA and EPA have improved and enhance coordination of regulatory reviews. In December 2012, APHIS and EPA held the first of regular discussions to lay out a strategy to improve collaborations and coordination between the two agencies for the review of new uses of existing herbicides (under EPA's authorities) and genetically engineered crops resistant to those herbicides (under APHIS' authorities). Both APHIS' improvements in the petition process to reduce the time it takes to complete the review process and the new timelines for products requiring an Environmental Assessment are very similar to EPA's registration timelines under the Pesticide Registration Improvement Act. As a result, the two agencies have joint timelines for reviews that highlight critical information sharing points and public engagement that increase the likelihood of synchronous approvals. Currently, APHIS and EPA are coordinating on a review of a corn crop resistant to corn rootworm and an herbicide.

## FARM SERVICE AGENCY OFFICE CLOSINGS AND COUNTY OFFICE STAFF REDUCTIONS

Mr. Aderholt: As I indicated in my remarks, one of my goals is to eliminate the unnecessary spending of taxpayer dollars. I have concerns about the Department's proposal to close 250 FSA county offices and also eliminate 815 non-federal staff. County employees connect farmers, ranchers and producers with vital agriculture programs.

Please explain how the Department determines which offices should close?

Response: Public Law 113-235, the Consolidated and Further Continuing Appropriations Act for FY 2015, prohibits the closure of FSA county offices in FY 2015. A temporary moratorium on office closures is also in effect until a comprehensive assessment of workload is conducted by FSA. The FY 2016 budget does not propose office closures for FSA, and there are no plans in FY 2015 for office closures.

Mr. Aderholt: Are you conducting some type workload assessment or simply selecting offices by physical location?

Response: As required by Public Law 113-235, FSA has contracted with Deloitte Consulting, LLP, to evaluate workload analysis models used by the Agency. The contract will assess existing approaches, systems and tools and provide recommendations on the most viable approach to workload modeling. Three tasks are outlined in the contract with Deloitte: (1) Evaluate the two models that FSA uses to analyze workload; (2) Provide a recommendation of the best model; and (3) Assess the impact of new farm bill programs on current and future activities in county offices nationwide after implementing the recommended process from task two. Contract deliverables, to include current model analysis and recommendation report, are due to FSA by July 19, 2015. Also required by Public Law 113-235, FSA will enter into a contract with National Academy of Public Administration (NAPA) to conduct an independent review of the workload analysis within 30 days after completion of the workload analysis by Deloitte.

Mr. Aderholt: If I understand your plan correctly, the savings associated with the closure of offices and the elimination of personnel is fully dependent upon the success of the MIDAS computer system in the field. USDA has spent approximately \$400 million or more on this system and your CIO gave this project a 1 out of 5 score. 1 being the worst and 5 being the best. You have now decided to end the project after the completion of Business Partner. How can you achieve these savings if your plan is based upon an IT system that is overdue, over budget, and fails to complete many of the functionality originally promised?

Response: The FY 2016 budget does not propose office closures for FSA, and there are no plans in FY 2015 for reductions or office closures.

In June 2014, the Executive Information Technology Resources Investment Board (E-Board) recommended to the Secretary that any new Development, Modernization, and Enhancement (DME) activities on MIDAS cease following the release of the "Business Partner" functionality. The MIDAS program has not ended but moved into the Sustainment phase to maintain, stabilize, and improve the existing functionality. As of October 2014, the USDA CIO

evaluated the MIDAS investment as 3 out of 5 on the IT dashboard. This rating reflected improvements made to the program for Business Partner, subsequently delivered in December 2014.

While FSA has no plans to close offices or reduce staff, MIDAS has achieved efficiencies that allow employees to provide improved service for farmers and ranchers. FSA employees can now access information about a customer such as address, eligibility, and financial profile information in a single view for quick response to producer inquiries. Documents can be securely shared electronically between offices for producers with farming interests in multiple counties.

Based on lessons learned from the MIDAS program, concurrent with ongoing MIDAS program audit activities conducted by USDA's Office of the Inspector General and the Government Accountability Office, and pending the appointment of FSA's new Chief Information Officer, the Agency will be evaluating prior published technical roadmaps to determine how well they align with current and future plans.

Mr. Aderholt: Why weren't these offices part of your consolidation plan two years ago?

Response: In the initial consolidation plan put forth two years ago, USDA followed the guidelines set forth by Congress in the 2008 Farm Bill, to propose first for consolidation, to the maximum extent practicable, all FSA offices located less than 20 miles from another office and with two or fewer permanent, full-time employees, and all FSA offices with zero permanent employees-regardless of location. The offices proposed for consolidation in the FY 2015 President's budget were not included in the initial consolidation plan two years earlier because, at the time, they did not meet the specifications outlined in the 2008 Farm Bill.

Mr. Aderholt: The Farm Bill includes some new, complex programs that must be implemented by the Farm Service Agency. At the same time, your budget proposes savings of \$61.6 million and the elimination of 815 non-federal staff. Why would you propose these drastic changes now when most county offices are the ones interacting with the farmers and ranchers?

Response: The FY 2016 President's budget does not propose office closures or staffing reductions for permanent full-time employees for FSA. The budget does reflect a reduction in non-federal temporary staff years in FY 2016 which is typical in the year following a Farm Bill implementation. At this time, there are no plans to continue with the staff reductions or office closures included in the FY 2015 President's budget. The office closures and staffing reductions included in the 2015 President's budget were developed based on early draft language for the new Farm Bill. The plan included estimates of the anticipated Farm Bill workload and was tempered by the expectation that recent budgetary restrictions would be continued. Since 2011, the Farm Service Agency had lost over 1,200 employees through attrition, normal retirements, and voluntary early separation. In addition, the agency reduced discretionary administrative expenses for travel, postage, and office supplies by more than 30 percent.

#### AVIAN HEALTH

Mr. Aderholt: What is USDA doing internationally to bolster the overall effectiveness of U.S. avian health programs overseas? What is USDA

doing to fight non-tariff trade barriers overseas and open up more foreign markets for U.S. poultry?

Response: USDA officials overseas facilitate agricultural trade, maintain contact with agricultural officials where they are posted, monitor agricultural health, and lead efforts in sanitary and phytosanitary standard setting. USDA works closely with the U.S. Trade Representative's Office to maintain a coordinated, strategic approach to resolving plant and animal health issues that affect U.S. exports.

APHIS maintains seven offices in Asia to provide points of contact for U.S. agricultural interests and help collect relevant real-time information such as updates on avian health. For example, APHIS' office located in Bangkok, Thailand, focuses on avian health in Southeast Asia's lesser-developed economies. APHIS conducts surveillance, capacity building, and training and oversees monitoring, epidemiology, and diagnostic testing throughout the region. USDA also works closely with the World Organization for Animal Health and other international organizations to assist with disease prevention, management, and eradication activities in regions affected with highly pathogenic avian influenza. Assisting other countries reduces the risk of the disease spreading from overseas to the United States.

Over the last five years, U.S. poultry exports have increased from \$4.8 billion in FY 2010 to \$6.4 billion in FY 2014. To open markets for U.S. poultry, APHIS negotiates protocols for trade of poultry and related products. When markets close in certain States or regions in response to avian influenza detections in poultry, APHIS provides science-based rationales to reopen markets, and coordinates informational visits and exchanges. Additionally, when markets close to certain States or regions in response to avian influenza detections in poultry, APHIS works with U.S. industry to arrange meetings with regulatory decision makers in both the United States and foreign governments and participates in negotiations. For example, we negotiated a new agreement with Japan that reduced the area of low pathogenic avian influenza-related trade restrictions from an entire U.S. State to a 10-kilometer radius around the affected premises. In FY 2014, APHIS was successful in retaining export markets for U.S. poultry and poultry products to Japan, China, and Taiwan, among other countries.

APHIS' ongoing efforts to maintain and enhance avian health programs in the United States are an important foundation for ensuring continued growth in U.S. poultry and poultry product exports. In FY 2015, APHIS will continue to support U.S. poultry and poultry product exports.

#### FOOD, NUTRITION AND CONSUMER SERVICES

Mr. Aderholt: The Consolidated and Further Continuing Appropriations Act of 2015 include the requested funds to expand nutrition program integrity efforts to further reduce payment error, trafficking and other recipient and retailer concerns. Specifically how are these funds being used across the nutrition programs? What additional funds are being requested in the fiscal year 2016 budget and how will this money be used?

Response: Rooting out any waste, fraud, and abuse is a top priority for this Administration. Over the past decade, FNS and our State partners have worked vigilantly to ensure SNAP eligibility and benefit determinations achieve high rates of accuracy, and we have achieved a dramatic reduction in improper payments, now among the lowest rates in the federal government. In

fiscal year (FY) 2015, FNS requested strategic increases to reduce payment error, trafficking and other recipient and retailer concerns in SNAP. As requested, Congress provided \$9 million for Benefit and Retailer Redemption and Monitoring, as well as \$3 million to increase the depth and frequency of SNAP Federal Management Evaluation reviews and ensure compliance with SNAP laws and regulations.

Several years ago, USDA centralized the process by which retailer participation in SNAP is authorized and overseen into a national, integrated structure. This has enabled USDA to maximize resources, gain efficiencies, and improve efforts to fight fraud and ensure integrity. Improving efficiency and oversight is critical, particularly since the number of authorized retailers has grown dramatically in recent years. At the end of FY 2014, there were 261,150 authorized stores and meal services, an increase of over 20 percent in just five years.

To further strengthen integrity efforts within SNAP, USDA is using the additional \$9 million to invest in additional investigators and compliance analysts responsible for monitoring the growing number of SNAP retailers and prevent fraud. Each additional investigator conducts approximately 100 undercover cases each year. This funding has also allowed USDA to maximize its investments in technology used to monitor transactions for suspicious activity and conduct oversight of participating stores and fully leverage enhanced policies associated with retailer integrity, while providing for quality assurance. USDA has strengthened its procedures to prevent the authorization of retail stores that attempt to circumvent program rules related to the business integrity of store ownership.

FNS is using the \$3 million to increase the depth and frequency of SNAP Federal Management Evaluation (ME) reviews and ensure compliance with SNAP laws and regulations. These reviews of States help FNS identify and address issues that may be of concern in multiple States and monitor implementation of technology and system upgrades that can have important impacts on program administration. Finally, ME reviews enable FNS to identify issues before they become widespread and take proactive steps to address issues quickly and prevent negative impacts on program participants. FNS is using the additional funding to increase the number, scope, and quality of reviews, providing targeted training and technical assistance to reviewers and implementing technology to support the review process.

For FY 2016, USDA is requesting an additional \$4 million dollars to strengthen Federal training, oversight and monitoring of State quality control processes and data, to ensure that States are meeting the highest standards of program integrity in administering SNAP. The Food and Nutrition Act requires FNS to measure payment error through the SNAP quality control process. States are required to randomly sample cases and verify that individuals who received benefits were eligible and received the correct amount. Federal staff then re-review a sample of the cases reported by States to ensure rigorous review. With the proposed investment in training, monitoring and oversight of Quality control at the State level, USDA expects to achieve the following:

- Greater consistency and accuracy in Federal and State reviews as a result of more robust training on quality control processes for State and Federal reviewers;

- More thorough reviews of State quality control operations to ensure they are designed to prevent the introduction of bias into State procedures and are conducted in accordance with regulations and policy;
- Reduced improper payments in SNAP by providing more comprehensive technical assistance to States;
- Improved utilization of quality control data to quickly identify inefficiencies or errors in program administration before they develop into systemic problems; and
- Enhanced oversight of financial reporting to support changes made by the Agricultural Act of 2014 requiring States invest performance bonuses into improving SNAP administration.

In addition, in the Child Nutrition account, FNS is requesting \$12 million to support and improve the Administrative Review process which is designed to ensure that the requirements of the school meals programs are properly implemented. Of the \$12 million requested, \$10 million will provide discretionary grants to States for purposes of developing or improving current automated information systems used to operate and manage the school meals programs. Funds would be used for projects that will improve program accountability, data accuracy, program performance measurement, and the capacity to identify and target error prone areas across the Child Nutrition Programs. The other \$2 million requested would allow for an evaluation of the new Administrative Review process itself to identify gaps or to improve effectiveness.

Mr. Aderholt: Provide specific examples of the initiatives that have been launched to educate those who are eligible for SNAP about the program. How much did USDA spend on these initiatives in fiscal year 2013, 2014 and the projected expenditure for 2015?

Response: USDA takes seriously its mission and responsibility to provide access to nutrition assistance program benefits to every eligible person who needs and seeks assistance. USDA promotes program access through appropriate outreach to program partners and potential recipients to ensure that eligible people can make an informed choice for themselves and their families. Outreach efforts help ensure that working families who struggle to make ends meet know that SNAP may be available to them if they qualify.

The majority of activities related to education and outreach occur at the State and local level. Under the Food and Nutrition Act, States may conduct outreach as part of their program operations, and allowable administrative costs for these activities are reimbursed at up to 50 percent.

As you may know, the 2014 Farm Bill (Section 4018) limited the types of outreach activities eligible for Federal matching funds. The USDA issued a memorandum on March 21, 2014, banning the use of appropriated funds to pay for television, radio, or billboard advertisements that promote SNAP or to pay for any agreements with foreign governments designed to promote SNAP benefits and enrollment, and is currently developing regulations to implement this provision.

At the end of FY 2014, 45 States received Federal matching funds for outreach activities, and because states have flexibility to choose the specific activities they undertake, they vary from State to State. Examples of outreach activities include partnering with local food banks or senior service centers to offer application assistance to potentially eligible households wishing to apply.

The Food and Nutrition Service also provides general tools and materials at the national level. Examples include:

- *Toll Free Information Line:* FNS supports a toll free information line in English and Spanish for low-income people to learn about SNAP requirements.
- *The USDA National Hunger Clearinghouse:* The USDA National Hunger Clearinghouse collects and maintains contact and program information about Federal, State and local non-profit organizations and government agencies that provide food assistance programs and other social services, including information related to SNAP. Individuals can search the online database or call a toll-free hotline to find assistance in their communities.
- *Pre-screening Tool:* English and Spanish versions of the online pre-screening tool help users determine if they might be eligible for benefits and estimates the amount of benefits they might receive. Where available, the site also links users to State pre-screening tools, which incorporate State-specific policies.
- *Outreach Materials:* FNS makes basic educational materials, such as brochures, posters and flyers, available at no cost to State and local SNAP agencies and other organizations. For example, "How to Get Food Help" provides contact information for those seeking immediate help as well as clear and concise information that helps newly eligible individuals understand eligibility criteria for USDA nutrition assistance programs, including SNAP.

[The information follows:]

#### Federal Spending on SNAP Outreach Activities

SNAP Outreach Activities	FY 2013	FY 2014	FY 2015 Est.
Federal Share of State Spending	\$39,258,044	\$41,492,932	\$50,193,198
Federally Administered Spending	19,117,000	19,386,000	17,440,000
Total	58,375,044	60,878,932	67,633,198

Source: National Data Bank (NDB) and FY 2016 President's Budget.

Mr. Aderholt: For the past five years, please provide a table showing the estimated dollars and participants for SNAP and WIC in the President's Budget request and then the actual cost and participants for that year.

Response: The following are two tables showing the estimated dollars and participants for SNAP and WIC in the President's Budget request and then the actual cost and participants for years 2011, 2012, 2013, 2014 and 2015.

Please note that the FY 2015 actual Program level is not yet available. Data for 2015 participation are through January.

		2011		2012		2013		2014		2015	
		Request	Actual	Request	Actual	Request	Actual	Request	Actual	Request	Actual
WIC	Program Level (millions)	\$8,057.6	\$7,299.7	\$7,571.2	\$7,168.0	\$7,264.5	\$6,951.8	\$7,248.8	\$7,144.8	\$7,154.0	N/A
	Avg Monthly Participation (millions)	10.1	9.0	9.6	8.9	9.1	8.7	8.9	8.3	8.6	
SNAP	Program Level (millions)*	\$72,814.8	\$75,728.7	\$77,771.7	\$78,682.3	\$80,026.3	\$80,078.9	\$71,614.7	\$74,596.9	\$76,727.6	N/A
	Avg Monthly Participation (millions)	43.3	44.7	45.0	46.6	46.9	47.6	44.7	46.5	46.3	

\* Request and Actual figures include ARRA Funds and the Contingency Reserve  
 Program level requested amounts are from the relevant obligations tables in the President's Budget.  
 Actual program level is not yet available for FY 2015. Program participation data for FY 2015 is through January.

DEPARTMENT-WIDE/CROSS-CUTTING ISSUES

PUBLIC AFFAIRS

Mr. Aderholt: Please provide a table that shows the number of professional and clerical staff from each agency and USDA staff office assigned to public affairs activities and the cost by each respective organization, to include projections for fiscal year 2015 and 2016.

Response: The information is submitted for the record.

[The information follows:]

United States Department of Agriculture  
Public Affairs Activities  
(Dollars in Thousands)

Agency	2015		2016	
	Employment	Staff Years	Employment	Staff Years
<b>FSA:</b>				
Professional	10	10.0	9	9.0
Clerical	1	1.0	0	0.0
Budget Authority	\$1,436		\$1,274	
Location of Staff:				
Washington	9	9.0	7	7.0
Field	2	2.0	2	2.0
<b>RMA:</b>				
Professional	7	7.0	7	7.0
Clerical	1	1.0	1	1.0
Budget Authority	\$1,036		\$1,046	
Location of Staff:				
Washington	7	7.0	7	7.0
Field	1	1.0	1	1.0
<b>FAS:</b>				
Professional	10	10.0	10	10.0
Clerical	2	2.0	2	2.0
Budget Authority	\$1,600		\$1,600	
Location of Staff:				
Washington	12	12.0	12	12.0
Field	0	0.0	0	0.0
<b>ARS:</b>				
Professional	25	25.0	25	25.0
Clerical	1	1.0	1	1.0
Budget Authority	\$3,283		\$3,283	
Location of Staff:				
Washington	26	26.0	26	26.0
Field	0	0.0	0	0.0
<b>NIFA:</b>				
Professional	10	10.0	10	10.0
Clerical	1	1.0	1	1.0
Budget Authority	\$745		\$754	
Location of Staff:				
Washington	11	11.0	11	11.0
Field	0	0.0	0	0.0
<b>NASS:</b>				
Professional	3	3.0	3	3
Clerical	0	0.0	0	0.0
Budget Authority	\$380		\$384	
Location of Staff:				
Washington	3	3.0	3	3
Field	0	0.0	0	0.0
<b>ERS:</b>				
Professional	4	3.0	4	3.0
Clerical	1	0.1	1	0.1
Budget Authority	\$465		\$471	
Location of Staff:				
Washington	5	3.1	5	3.1
Field	0	0.0	0	0.0

<b>RD:</b>				
Professional	7	6.8	7	6.8
Clerical	1	1.0	1	1.0
Budget Authority	\$1,108		\$1,119	
Location of Staff:				
Washington	8	7.8	8	7.8
Field	0	0.0	0	0.0
<b>NRCS:</b>				
Professional	103	103.0	103	103.0
Clerical	2	2.0	2	2.0
Budget Authority	\$8,836		\$8,902	
Location of Staff:				
Washington	20	20.0	20	20.0
Field	85	85.0	85	85.0
<b>APHIS:</b>				
Professional	12	12.0	13	13.0
Clerical	0	0.0	0	0.0
Budget Authority	\$1,458		\$1,538	
Location of Staff:				
Washington	9	9.0	9	9.0
Field	3	3.0	4	4.0
<b>AMS:</b>				
Professional	8	7.3	8	8.0
Clerical	2	2.0	2	2.0
Budget Authority	\$1,194		\$1,194	
Location of Staff:				
Washington	9	8.3	9	9.0
Field	1	1.0	1	1.0
<b>GIPSA:</b>				
Professional	1	1.0	1	1.0
Clerical	0	0.0	0	0.0
Budget Authority	\$50		\$50	
Location of Staff:				
Washington	1	1.0	1	1.0
Field	0	0.0	0	0.0
<b>FSIS:</b>				
Professional	10	6.6	12	10.7
Clerical	2	1.8	2	1.8
Budget Authority	\$704		\$1,116	
Location of Staff:				
Washington	10	6.6	12	10.7
Field	2	1.8	2	1.8
<b>FNS:</b>				
Professional	35	7.0	35	7.0
Clerical	1	0.2	1	0.2
Budget Authority	\$963		\$974	
Location of Staff:				
Washington	14	2.8	14	2.8
Field	22	4.4	22	4.4
<b>Office of Communications:</b>				
Professional	46	46.0	51	51
Clerical	6	6.0	6	6
Budget Authority	\$7,750		\$8,228	
Location of Staff:				
Washington	52	53.0	57	57.0

**Office of the Chief Economist:**

Professional	1	1.0	1	1.0
Clerical	0	0.0	0	0.0
Budget Authority	\$172		\$174	
Location of Staff:				
Washington	1	1.0	1	1.0
Field	0	0.0	0	0.0

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**TOTAL, Public Affairs Activities:**

Professional	292	258.7 0	299	268.5
Clerical	21	19.1	20	18.1
Budget Authority	\$31,180		\$32,107	
Location of Staff:				
Washington	197	180.6	202	187.4
Field	116	98.2	117	99.2

## CONGRESSIONAL RELATIONS

Mr. Aderholt: Please provide a table showing the total amount spent on congressional relations and a breakout by Agency, to include projections for fiscal year 2015 and 2016.

Response: The information is submitted for the record.

[The information follows:]

U. S. DEPARTMENT OF AGRICULTURE  
CONGRESSIONAL RELATIONS ACTIVITIES  
(Dollars in Thousands)

AGENCY	2015 Estimate				2016 Estimate			
	Employment	Staff Years	Total Staff Years	% of Staff Years	Employment	Staff Years	Total Staff Years	% of Staff Years
<b>OSEC:</b>								
Professional .....	13	13.00			13	13.00		
Clerical .....	1	1.00			1	1.00		
Total .....	14	14.00	64	21.88%	14	14.00	64	21.88%
Schedule C Positions		10.0				10.0		
Average Cost:								
Professional .....		\$116				\$116		
Clerical .....		\$119				\$120		
Budget Authority .....		\$1,462				\$1,462		
<b>ARS:</b>								
Professional .....	1	1.0			1	1.0		
Clerical .....	0	0.0			0	0.0		
Total .....	1	1	7,450	0.01%	1	1	7,575	0.01%
Schedule C Positions								
Average Cost:								
Professional .....		\$102				\$102		
Clerical .....		\$0				\$0		
Budget Authority .....		\$102				\$102		
<b>NIYA:</b>								
Professional .....	1	0.6			1	0.6		
Clerical .....	1	0.1			1	0.1		
Total .....	2	0.7	410	0.17%	2	0.7	417	0.17%
Schedule C Positions								
Average Cost:								
Professional .....		\$98				\$98		
Clerical .....		\$4				\$4		
Budget Authority .....		\$102				\$102		
<b>FAS:</b>								
Professional .....	3	3.0			3	3.0		
Clerical .....	0	0.0			0	0.0		
Total .....	3	3.0	1,070	0.28%	3	3.0	1,070	0.28%
Schedule C Positions	0				0			
Average Cost:								
Professional .....		\$112				\$112		
Clerical .....		\$0				\$0		
Budget Authority .....		\$500				\$500		
<b>FSA:</b>								
Professional .....	0	0.0			0	0.0		
Clerical .....	1	1.0			1	1.0		
Total .....	1	1.0	12,579	0.01%	1	1.0	11,981	0.01%
Schedule C Positions								
Average Cost:								
Professional .....		\$163				\$164		
Clerical .....		\$0				\$0		
Budget Authority .....		\$163				\$164		
<b>RD:</b>								
Professional .....	3	3.2			3	3.2		
Clerical .....	0	0.0			0	0.0		
Total .....	3	3.2	5,026	0.06%	3	3.2	5,046	0.06%
Schedule C Positions	0	0.0			0	0.0		
Average Cost:								
Professional .....		\$453				\$457		
Clerical .....		\$0				\$0		
Budget Authority .....		\$453				\$457		

<b>NRCS:</b>									
Professional .....	1	1.0			1	1.0			
Clerical .....	0	0.0			0	0.0			
Total .....	1	1.0	11,326	0.01%	1	1.0	11,672	0.01%	
Schedule C Positions									
Average Cost:									
Professional .....	\$144				\$144				
Clerical .....	\$0				\$0				
Budget Authority .....	\$144				\$144				
<b>APHIS:</b>									
Professional .....	3	0.65			3	0.64			
Clerical .....	0	0.0			0	0.0			
Total .....	3	0.65	7,587	0.01%	3	0.64	7,563	0.01%	
Schedule C Positions									
Average Cost:									
Professional .....	\$160				\$164				
Clerical .....	\$0				\$0				
Budget Authority .....	\$160				\$164				
<b>AMS:</b>									
Professional .....	2	1.0	1		2	1.0	1		
Clerical .....	0	0.0			0	0.0			
Total .....	2	1.0	2,482	0.04%	2	1.0	2,482	0.04%	
Schedule C Positions									
Average Cost:									
Professional .....	\$83				\$83				
Clerical .....	\$0				\$0				
Budget Authority .....	\$83				\$83				
<b>FSIS:</b>									
Professional .....	4	3.3			5	3.8			
Clerical .....	2	0.2			2	0.2			
Total .....	6	3.5	9,194	0.04%	7	4.0	8,930	0.04%	
Schedule C Positions									
Average Cost:									
Professional .....	\$472				\$590				
Clerical .....	\$0				\$0				
Budget Authority .....	\$472				\$590				
<b>FNS:</b>									
Professional .....	6	1.5			6	1.5			
Clerical .....	2	0.4			2	0.4			
Total .....	8	1.9	1,664	0.11%	8	1.9	1,704	0.11%	
Schedule C Positions									
Average Cost:									
Professional .....	\$187				\$187				
Clerical .....	\$25				\$25				
Budget Authority .....	\$212				\$212				
<b>TOTAL, Congressional Relations Activities:</b>									
Professional .....	37	28.3			38	28.7			
Clerical .....	7	2.7			7	2.7			
Total .....	44	31.0	59,359	0.05%	45	31.4	59,023	0.05%	
Schedule C Positions									
Average Cost:									
Professional .....	\$3,853				\$3,980				

Mr. Aderholt: Please provide a table that shows the transfers, by agency, from the Office of Congressional Relations, and the amount retained for the immediate Assistant Secretary for fiscal years 2011 through 2015.

Response: The information is provided for the record.

[The information follows:]

**OFFICE OF THE SECRETARY  
OFFICE OF THE ASSISTANT SECRETARY FOR CONGRESSIONAL RELATIONS  
(Dollars in Thousands)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Farm Service Agency .....	\$172	\$146	\$135	\$135	\$135
Foreign Agricultural Service .....	128	109	101	101	101
Risk Management Agency .....	48	41	38	38	38
Total, Farm and Foreign Agricultural Services.....	348	296	274	274	274
Rural Development .....	271	230	212	212	212
Food and Nutrition Service .....	271	230	212	212	212
Natural Resources Conservation Service .....	183	156	144	144	144
Food Safety and Inspection Service .....	271	230	212	212	212
Agricultural Research Service .....	131	111	102	102	102
National Institute of Food and Agriculture.....	130	111	102	102	102
Total, Research, Education and Economics.....	261	222	204	204	204
Agricultural Marketing Service .....	131	111	102	102	102
Animal and Plant Health Inspection Service .....	130	111	102	102	102
Total, Marketing and Regulatory Programs.....	261	222	204	204	204
<b>Total Transferred to Agencies .....</b>	<b>1,866</b>	<b>1,586</b>	<b>1,462</b>	<b>1,462</b>	<b>1,462</b>
Office of the Assistant Secretary for Congressional Relations					
Congressional Relations.....	1,587	1,574	1,680	1,957	1,957
Intergovernmental Affairs.....	416	416	450	450	450
Total, Office of the Assistant Secretary for Congressional Relations....	2,003	1,990	2,130	2,407	2,407
<b>Total Appropriated.....</b>	<b>3,869</b>	<b>3,576</b>	<b>3,592</b>	<b>3,869</b>	<b>3,869</b>

INTERAGENCY AGREEMENTS

Mr. Aderholt: Please provide a comprehensive listing of all interagency agreements between each Under Secretary Office and the respective agency. For each, include a dollar amount and the supported provided to each office.

Response: The information is provided for the record.

[The information follows:]

U. S. DEPARTMENT OF AGRICULTURE  
2015 Interagency Agreements Between each Under Secretary Office

Under Secretary Office	Payee Agency	Agreement Amount	Support Provided
FFAS	FSA	\$35,000	Program support costs incurred on behalf of Agency
FFAS	BMA	\$35,000	Program support costs incurred on behalf of Agency
FFAS	FNS	\$66,000	Program support costs incurred on behalf of Agency
Assistant Secretary for Civil Rights	BES	\$35,000	Outreach support for energy programs
RD	RD	\$1,159,000	Program support costs incurred on behalf of Agency
REE	ARS	\$652,000	Program support costs incurred on behalf of Agency
FNS	FNS	\$513,000	Program support costs incurred on behalf of Agency
Office of Tribal Relations	Assistant Secretary for Civil Rights	\$10,000	Council for Native American Farming and Ranching
Office of Tribal Relations	FSA	\$25,000	Council for Native American Farming and Ranching
Office of Tribal Relations	APHIS	\$5,000	Council for Native American Farming and Ranching
Assistant Secretary for Administration	OCTO	\$346,000	Support provided to the Working Capital Fund
Assistant Secretary for Administration	OSBC Pre-Authorized Funding	\$337,000	Support provided to the Administrative Solutions Project
Assistant Secretary for Administration	OSBC Pre-Authorized Funding	\$414,000	Support provided to the Cultural Transformation Initiative
Assistant Secretary for Administration	OSSEC	\$100,000	Office program support.
MRP	AMS	\$268,619	Program support costs incurred on behalf of Agency
MRP	APHIS	\$210,718	Program support costs incurred on behalf of Agency
NRG	USDA Forest Services, Business Operations	\$394,000	Program support costs incurred on behalf of Agency
NRG	NRCS	\$252,000	Program support costs incurred on behalf of Agency

FARM AND HOUSING LOANS

Mr. Aderholt: Please provide a table showing the amount of direct farm loans, direct housing loans, and direct rural community advancement program loans that have been written off the books from fiscal year 2001 to the present.

Response: The data is as of March 31, 2015. The information is submitted for the record.

[The information follows:]

Farm Service Agency Write-Off FY 2001-2015 Direct Farm Loans (Dollars in Thousands)	
Fiscal Year	Financing FL
FY 2001	\$332,704
FY 2002	700,311
FY 2003	420,835
FY 2004	314,519
FY 2005	246,297
FY 2006	238,534
FY 2007	187,973
FY 2008	122,209
FY 2009	85,295
FY 2010	92,514
FY 2011	167,183
FY 2012	72,010
FY 2013	172,894
FY 2014	51,310
FY 2015	21,537
<b>Total</b>	<b>\$3,226,125</b>

Single Family Housing (SFH) Direct  
Write-offs FY 2001-2015  
(dollars in thousands)

Fiscal Year	Financing SFH
FY 2001	\$206,343
FY 2002	224,549
FY 2003	150,870
FY 2004	134,891
FY 2005	93,561
FY 2006	71,846
FY 2007	247,626
FY 2008	43,758
FY 2009	88,258
FY 2010	142,412
FY 2011	181,030
FY 2012	239,686
FY 2013	265,882
FY 2014	212,878
FY 2015	109,120
<b>Total</b>	<b>\$2,412,710</b>

Direct Community Facilities (CF)  
Write-offs FY 2001-2015  
(dollars in thousands)

Fiscal Year	Financing CF
FY 2001	\$1,385
FY 2002	6
FY 2003	1,398
FY 2004	8,081
FY 2005	3,650
FY 2006	6,867
FY 2007	8,869
FY 2008	14,514
FY 2009	4,306
FY 2010	10,228
FY 2011	15,159
FY 2012	15,316
FY 2013	27,896
FY 2014	21,186
FY 2015	959
Total	\$139,820

Business and Industry Loans (B&I)  
 Direct Write-offs FY 2001-2015  
 (dollars in thousands)

Fiscal Year	Financing B&I
FY 2001	\$1,016
FY 2002	2,244
FY 2003	3,256
FY 2004	9,665
FY 2005	3,678
FY 2006	4,939
FY 2007	21,566
FY 2008	15,334
FY 2009	4,329
FY 2010	1,118
FY 2011	2,047
FY 2012	2,824
FY 2013	929
FY 2014	1,768
FY 2015	1,281
Total	\$75,994

Water and Waste (WW) Programs  
 Direct Write-offs FY 2001-2015  
 (dollars in thousands)

Fiscal Year	Financing WW
FY 2001	0
FY 2002	\$241
FY 2003	1,222
FY 2004	1,156
FY 2005	169
FY 2006	0
FY 2007	1,940
FY 2008	2,245
FY 2009	98
FY 2010	0
FY 2011	1,465
FY 2012	0
FY 2013	1,017
FY 2014	2,206
FY 2015	537
Total	\$12,296

## OSEC STAFFING

Mr. Aderholt: Provide a table that lists current staff in each of the OSEC offices, the position title, the grade level, the pay costs associated with each position, the identity of appointment, and how they are funded for fiscal years 2011 through 2015.

Response: The following table lists current staff on board in each of the OSEC offices, the position title, the grade level, and the pay costs associated with each position. The table also identifies Presidential Appointments with Senate Confirmation-PAS, Schedule C, Non-career, Career positions, and how they are funded. The table reflects staff on board as of September 30, 2011 for fiscal year 2011; September 30, 2012 for fiscal year 2012; September 30, 2013, for fiscal year 2013, September 30, 2014, for fiscal year 2014 and April 22, 2015 for fiscal year 2015.

{The information follows:}

IMMEDIATE OFFICE  
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Secretary of Agriculture	EX-I	\$199,700	\$49,925	OSEC	PAS
Deputy Secretary of Agriculture	EX-II	179,700	44,925	OSEC	PAS
Chief of Staff	ES	179,700	44,925	OSEC	Non-Career
Deputy Chief of Staff	ES	179,700	44,925	OSEC	Non-Career
Senior Advisor to the Secretary	ES	152,250	38,062	OSEC	Non-Career
Senior Policy Advisor	ES	152,250	38,063	FS	Non-Career
Chief of Staff to the Deputy Secretary	ES	145,000	36,250	OSEC	Non-Career
Senior Advisor	ES	142,560	35,640	OSEC	Non-Career
Senior Advisor	ES	140,000	35,000	OSEC	Non-Career
Senior Advisor	ES	140,000	35,000	OSEC	Non-Career
Senior Advisor	ES	140,000	35,000	OSEC	Non-Career
Senior Advisor	ES	140,000	35,000	RD	Non-Career
Advisor Special Projects	GS-15/03	132,009	33,002	OSEC	Schedule C
White House Liaison	GS-15/03	132,009	33,002	OSEC	Schedule C
Senior Program Manager for Global Food Securities	GS-15/03	132,009	33,002	FAS	Schedule C

Director of Faith Based	GS-15/03	132,009	33,002	Reimb. Faith Based	Schedule C
Special Assistant	GS-14/08	129,758	32,440	OSEC	Career
Committee Management Officer	GS-14/08	129,758	32,440	Reimb. Advisory	Career
Executive Assistant	GS-12/10	97,333	24,333	OSEC	Career
Deputy Director	GS-12/02	77,368	19,342	Reimb. Faith Based	Career Conditional
Deputy White House Liaison	GS-12/02	77,368	19,342	Reimb. Advisory	Schedule C
Secretary	GS-10/10	73,917	18,479	OSEC	Career
Secretary	GS-10/09	72,022	18,006	OSEC	Career
Staff Assistant	GS-09/02	53,350	13,338	OSEC	Career
Program Assistant	GS-09/01	51,630	12,908	Reimb. Faith Based	Career
Secretary	GS-09/01	51,630	14,198	OSEC	Career
Special Assistant	GS-09/01	51,630	12,908	OSEC	Schedule C
Program Assistant	GS-07/01	42,209	10,552	Reimb. Faith Based	Career

IMMEDIATE OFFICE  
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED	
				BY	APPOINTMENT
Secretary of Agriculture	EX-I	\$199,700	\$49,925	OSEC	PAS
Deputy Secretary of Agriculture	EX-II	179,700	44,925	OSEC	PAS
Chief of Staff	ES	179,700	44,925	OSEC	Non-Career
Deputy Chief of Staff	ES	179,700	44,925	OSEC	Non-Career
Senior Policy Advisor	ES	152,250	38,063	Forest Service	Non-Career
Senior Advisor	ES	142,560	35,640	OSEC	Non-Career
Senior Advisor	ES	140,000	35,000	OSEC	Non-Career
Senior Advisor	ES	140,000	35,000	OSEC	Non-Career
Senior Advisor	ES	140,000	35,000	OSEC	Non-Career
Advisor to the Secretary	GS 15/4	136,134	34,034	OSEC	Schedule C

White House Liaison	GS-15/04	136,134	34,034	Reimb Adv Comm	Schedule C
Senior Program Manager for Global Food Securities	GS-15/04	136,134	34,034	FAS	Schedule C
Director of Faith Based	GS-15/04	136,134	34,034	Reimb. Faith Based	Schedule C
Advisor to the Secretary	GS-15/01	123,758	30,940	OSEC	Schedule C
Special Assistant	GS-14/08	129,758	32,440	OSEC	Career
Committee Management Officer	GS-14/08	129,758	32,440	Reimb. Advisory	Career
Deputy White House Liaison	GS-13/02	92,001	23,000	OSEC	Schedule C
Exec Asst to the Secy	GS-13/01	89,033	22,258	OSEC	Schedule C
Executive Assistant	GS-12/10	97,333	24,333	OSEC	Career
Deputy Director	GS-12/03	79,864	19,966	Reimb. Faith Based	Career Conditional
Staff Assistant	GS-11/02	64,548	16,137	OSEC	Schedule C
Secretary	GS-10/10	73,917	18,479	OSEC	Career
Secretary	GS-10/09	72,022	18,006	Reimb Adv Comm	Career
Secretary	GS-10/03	60,648	15,162	OSEC	Career
Special Assistant	GS-09/02	53,350	13,338	OSEC	Schedule C
Program Assistant	GS-09/02	53,350	13,338	Reimb. Faith Based	Career
Program Support Specialist	GS-09/02	53,350	13,338	Reimb. Faith Based	Schedule C
Staff Assistant	GS-09/01	51,630	12,908	OSEC	Schedule C
Program Analyst	GS-09/01	51,630	12,908	Forest Service	Schedule C
Program Analyst	GS-09/01	51,630	12,908	Forest Service	Schedule C
Staff Assistant	GS-05/01	34,075	8,519	Forest Service	Schedule C
Program Clerk	GS-04/01	30,456	7,614	Forest Service	Schedule C

Staff Assistant	GS-02/01	24,865	6,216	Forest Service	Schedule C
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IMMEDIATE OFFICE  
Fiscal Year 2013

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Secretary of Agriculture	EX-I	\$199,700	\$49,925	OSEC	PAS
Chief of Staff	EX-II	179,700	44,925	OSEC	Non-Career
Deputy Chief of Staff for Operations	ES	162,500	40,625	OSEC	Non-Career
Deputy Chief of Staff for Policy	ES	162,500	40,625	OSEC	Non-Career
Chief of Staff to the Deputy Secretary	ES	145,000	36,250	OSEC	Non-Career
Senior Policy Advisor	EX-III	165,300	41,325	FS	Non-Career
Senior Advisor	ES	142,560	35,640	OSEC	Non-Career
Advisor to the Secretary	ES	140,000	35,000	OSEC	Schedule C
Special Assistant	GS-14/10	136,771	34,193	OSEC	Career
Deputy White House Liaison	GS-12/04	82,359	20,590	OSEC	Schedule C
White House Liaison	GS-15/02	127,883	31,908	OSEC	Schedule C
Secretary	GS-10/10	73,917	18,479	OSEC	Career
Secretary	GS-10/10	73,917	18,479	Reimb Adv Comm	Career
Secretary	GS-10/04	62,544	15,636	OSEC	Career
Program Analyst	GS-11/02	64,548	16,137	Forest Service	Schedule C
Staff Assistant	GS-09/02	53,350	13,338	OSEC	Schedule C
Staff Assistant	GS-09/02	53,350	13,338	Forest Service	Schedule C
Staff Assistant	GS-04/01	30,456	7,614	Forest Service	Schedule C
Staff Assistant	GS-03/02	28,034	7,009	Forest Service	Schedule C

IMMEDIATE OFFICE  
Fiscal Year 2014

TITLE	GRADE	SALARY	BENEFITS	FUNDED	
				BY	APPOINTMENT
Secretary of Agriculture	EX-I	\$199,700	\$49,925	OSEC	PAS
Deputy Secretary of Agriculture	EX-II	179,700	44,925	OSEC	PAS
Chief of Staff	ES	179,700	44,925	OSEC	Non-Career
Deputy Chief of Staff for Operations	ES	162,500	40,625	OSEC	Non-Career
Chief of Staff to the Deputy Secretary	ES	160,000	40,000	OSEC	Non-Career
Deputy Chief of Staff	ES	162,500	40,625	OSEC	Non-Career
Senior Advisor	ES	142,560	35,640	OSEC	Non-Career
White House Liaison	GS-15/03	133,328	33,332	OSEC/ Reimb Adv Comm	Schedule C
Special Assistant	GS-15/03	133,328	33,332	FAS	Schedule C
Director of Faith Based	GS-15/03	133,328	33,332	Reimb. Faith Based	Schedule C
Special Assistant	GS-15/08	154,160	38,540	OSEC	Schedule C
Special Assistant	GS-15/06	145,827	36,457	OSEC	Career
Committee Management Officer	GS-13/03	95,919	23,980	Reimb. Adv Comm	Schedule C
Deputy White House Liaison	GS-12/04	83,183	20,795	Reimb. Adv Comm	Schedule C
Executive Assistant	GS-13/02	92,922	23,251	OSEC	Schedule C
Secretary	GS-11/09	79,916	19,979	OSEC	Career
Secretary	GS-10/10	74,654	18,663	OSEC	Career
Secretary	GS-11/03	67,297	16,824	OSEC	Career
Management Analyst	GS-09/02	53,884	13,471	OSEC	Schedule C
Confidential Assistant	GS-09/01	52,146	13,037	OSEC	Schedule C
Staff Assistant	GS-03/02	28,313	7,078	Reimb. Adv Comm	Schedule C

IMMEDIATE OFFICE  
Fiscal Year 2015

TITLE	GRADE	SALARY	BENEFITS	FUNDED	
				BY	APPOINTMENT
Secretary of Agriculture	EX-I	\$199,700	\$49,925	OSEC	PAS
Deputy Secretary of Agriculture	EX-II	179,700	44,925	OSEC	PAS
Chief of Staff	ES	179,700	44,925	OSEC	Non-Career
Deputy Chief of Staff	ES	162,500	40,625	OSEC	Non-Career
Chief of Staff to the Deputy Secretary	ES	155,000	38,750	OSEC	Non-Career
Deputy Chief of Staff	ES	162,500	40,625	OSEC	Non-Career
Director of Faith Based	GS-15/03	134,662	33,665	Reimb. Faith Based	Schedule C
Special Assistant	GS-15/08	155,705	38,926	OSEC	Schedule C
Special Assistant	GS-15/06	147,288	36,822	OSEC	Career
Committee Management Officer	GS-13/04	99,905	24,976	Reimb. Adv Comm	Schedule C
Deputy White House Liaison	GS-13/01	90,823	22,706	Reimb. Adv Comm	Schedule C
Human Resources Specialist	GS-13/01	90,823	22,706	OSEC	Schedule C
Executive Assistant	GS-13/01	90,823	22,706	OSEC	Schedule C
Executive Assistant	GS-13/02	93,851	23,463	OSEC	Schedule C
Administrative Specialist	GS-11/09	80,716	20,179	OSEC	Career
Secretary	GS-10/10	75,395	18,849	OSEC	Career
Administrative Specialist	GS-11/03	67,971	16,993	OSEC	Career
Confidential Assistant	GS-07/01	43,057	110,764	OSEC	Schedule C
Confidential Assistant	GS-07/01	43,057	10,764	OSEC	Schedule C
Staff Assistant	GS-07/01	43,057	10,764	Reimb. Adv Comm	Schedule C
Staff Assistant	GS-03/03	29,521	7,380	Reimb. Adv Comm	Schedule C

UNDER SECRETARY FOR FARM AND FOREIGN AGRICULTURAL SERVICES  
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Acting Under Secretary	ES	\$150,800	\$37,700	OSEC	Non-Career
Deputy Under Secretary	ES	147,000	36,750	OSEC	Non-Career
Deputy Under Secretary	ES	140,000	35,000	FSA	Non-Career
Special Assistant	GS-14/06	122,744	30,686	OSEC	Schedule C
Special Assistant	GS-13/04	97,936	24,484	FSA	Schedule C

UNDER SECRETARY FOR FARM AND FOREIGN AGRICULTURAL SERVICES  
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Acting Under Secretary	ES	\$165,300	\$41,325	OSEC	Non-Career
Deputy Under Secretary	ES	152,250	38,062	OSEC	Non-Career
Deputy Under Secretary	ES	147,000	36,750	OSEC	Non-Career
Special Assistant	GS-15/04	136,134	34,034	FSA/FAS/ RMA	Schedule C
Special Assistant	GS-13/02	92,001	23,000	FSA/FAS/ RMA	Schedule C

UNDER SECRETARY FOR FARM AND FOREIGN AGRICULTURAL SERVICES  
Fiscal Year 2013

TITLE	GRADE	SALARY	BENEFITS	FUNDED	
				BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	Non-Career
Deputy Under Secretary	ES	152,250	38,062	OSEC	Non-Career
Deputy Under Secretary	ES	147,000	36,750	OSEC	Non-Career
Chief of Staff	ES	140,000	35,000	OSEC/FSA/ FAS/RMA	
Senior Program Manager	GS-15/04	136,134	34,034	FSA/FAS/ RMA	Schedule C

UNDER SECRETARY FOR FARM AND FOREIGN AGRICULTURAL SERVICES  
Fiscal Year 2014

TITLE	GRADE	SALARY	BENEFITS	FUNDED	
				BY	APPOINTMENT
Under Secretary	ES-III	\$165,300	\$41,325	OSEC	Non-Career
Deputy Under Secretary	ES	152,250	38,062	OSEC	Non-Career
Chief of Staff	ES	140,000	35,000	OSEC/FSA/ FAS/RMA	Non-Career
Confidential Assistant	GS-09/01	52,146	13,036	FSA/FAS/ RMA	Schedule C

UNDER SECRETARY FOR FARM AND FOREIGN AGRICULTURAL SERVICES  
Fiscal Year 2015

TITLE	GRADE	SALARY	BENEFITS	FUNDED	
				BY	APPOINTMENT
Under Secretary	ES-III	\$165,300	\$41,325	OSEC	Non-Career
Deputy Under Secretary	ES	158,671	39,668	OSEC	Non-Career
Deputy Under Secretary	ES	153,773	38,443	OSEC	Non-Career
Chief of Staff	GS-15/01	126,245	31,561	OSEC	Non-Career
Confidential Assistant	GS-11/01	63,722	15,931	FSA/FAS/ RMA	Schedule C

UNDER SECRETARY FOR FOOD, NUTRITION AND CONSUMER SERVICES  
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	149,350	37,338	OSEC	Non-Career
Senior Advisor	ES	155,000	38,750	OSEC	Non-Career
White House Fellow	GS-14/03	112,224	28,056	FNS	Schedule C
Executive Assistant	GS-12/06	87,350	21,838	OSEC	Career
Staff Assistant	GS-11/04	68,712	17,178	OSEC	Career

UNDER SECRETARY FOR FOOD, NUTRITION AND CONSUMER SERVICES  
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	149,350	37,338	OSEC	Non-Career
Senior Advisor	ES	155,000	38,750	OSEC	Non-Career
Executive Assistant	GS-12/06	87,350	21,838	FNS	Career
Staff Assistant	GS-11/05	70,794	17,699	FNS	Career
Legislative Assistant	GS-07/02	43,616	10,904	FNS	Schedule C

UNDER SECRETARY FOR FOOD, NUTRITION AND CONSUMER SERVICES  
Fiscal Year 2013

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	149,350	37,338	OSEC	Non-Career
Senior Advisor	GS-15/10	155,500	38,875	OSEC	Non-Career
Senior Advisor	ES	140,000	35,000	FNS	Non-Career
Executive Assistant	GS-12/07	89,846	22,462	OSEC/FNS	Career
Staff Assistant	GS-11/05	70,794	17,699	OSEC/FNS	Career

UNDER SECRETARY FOR FOOD, NUTRITION AND CONSUMER SERVICES  
Fiscal Year 2014

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	149,350	37,338	OSEC	Non-Career
Senior Advisor	ES	157,100	39,275	FNS	Non-Career
Executive Assistant	GS-12/07	90,744	22,686	OSEC/FNS	Career
Staff Assistant	GS-11/06	73,607	18,402	OSEC/FNS	Career

UNDER SECRETARY FOR FOOD, NUTRITION AND CONSUMER SERVICES  
Fiscal Year 2015

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Chief of Staff	ES	140,000	35,000	OSEC/FNS	Non-Career
Senior Advisor	ES	158,700	39,675	FNS	Non-Career
Executive Assistant	GS-12/07	91,657	22,914	OSEC/FNS	Career
Staff Assistant	GS-11/06	73,343	18,586	OSEC/FNS	Career

UNDER SECRETARY FOR FOOD SAFETY  
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,250	OSEC	PAS
Deputy Under Secretary	ES	145,000	36,250	OSEC	Non-Career
Manager for CODEX Alimentarius	ES	177,833	44,458	FSIS	Career
Executive Assistant	GS-15/03	132,009	33,002	OSEC	Schedule C
Secretary	GS-11/09	79,122	19,781	OSEC	Career
Secretary	GS-11/09	79,122	19,781	FSIS	Career

UNDER SECRETARY FOR FOOD SAFETY  
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,250	OSEC	PAS
Deputy Under Secretary	ES	145,000	36,250	OSEC	Non-Career
Manager for CODEX Alimentarius	ES	177,833	44,458	FSIS	Career
Chief of Staff	GS-15/04	136,134	34,034	OSEC	Schedule C
Food Safety Ombudsman	GS-14/03	122,099	30,525	OSEC	Schedule C
Secretary	GS-11/09	79,122	19,781	FSIS	Career
Secretary	GS-11/09	79,122	19,781	FSIS	Career

UNDER SECRETARY FOR FOOD SAFETY  
Fiscal Year 2013

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	145,000	36,250	OSEC	Non-Career
Chief of Staff	ES	140,000	35,000	OSEC	Schedule C
Secretary	GS-11/09	79,122	19,781	FSIS	Career
Secretary	GS-11/10	81,204	20,301	FSIS	Career

UNDER SECRETARY FOR FOOD SAFETY  
Fiscal Year 2014

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Acting Under Secretary	ES	\$145,000	\$36,250	OSEC	Non-Career
Secretary	GS-11/10	82,019	20,505	FSIS	Career
Secretary	GS-11/10	82,019	20,505	FSIS	Career

UNDER SECRETARY FOR FOOD SAFETY  
Fiscal Year 2015

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Deputy Under Secretary	ES	\$181,195	\$45,299	OSEC	Non-Career
Deputy Under Secretary	ES	\$146,450	36,612	OSEC	Non-Career
Secretary	GS-11/10	82,840	20,710	OSEC	Career

UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT  
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	145,000	36,250	OSEC	Non-Career
Chief of Staff	GS-15/03	132,009	33,002	OSEC	Schedule C
Special Assistant	GS-14/04	115,731	28,933	FS/NRCS	Schedule C
Staff Assistant	GS-09/01	51,630	12,908	FS/NRCS	Schedule C

UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT  
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	145,000	36,250	FS/NRCS	Non-Career
Deputy Under Secretary	ES	145,000	36,250	OSEC	Non-Career
Chief of Staff	GS-15/04	136,134	34,034	OSEC	Schedule C
Special Assistant	GS-14/04	115,731	28,933	FS/NRCS	Schedule C
Special Assistant	GS-13/01	89,033	22,258	FS/NRCS	Schedule C
Staff Assistant	GS-07/01	42,209	10,552	FS/NRCS	Schedule C

UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT  
Fiscal Year 2013

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Deputy Under Secretary	ES	\$145,000	\$36,250	FS/NRCS	Non-Career
Deputy Under Secretary	ES	145,000	36,250	OSEC	Non-Career
Chief of Staff	GS-15/05	140,259	35,065	OSEC	Schedule C
Senior Advisor Leslie	GS-15/06	144,385	36,096	FS/NRCS	Schedule C
Special Assistant	ES	140,000	35,000	FS/NRCS	Schedule C
Special Assistant	GS-13/02	92,001	23,000	FS/NRCS	Schedule C
Staff Assistant	GS-07/02	43,616	10,904	FS/NRCS	Schedule C

UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT  
Fiscal Year 2014

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	145,000	36,250	OSEC	Non-Career
Deputy Under Secretary	ES	145,000	36,250	OSEC	Non-Career
Chief of Staff	ES	140,000	34,034	OSEC/FS/ NRCS	Non-Career
Senior Advisor	GS-15/06	145,827	36,457	FS/NRCS	Schedule C
Special Assistant	GS-13/03	95,919	23,980	FS/NRCS	Schedule C
Special Assistant	GS-11/01	63,091	15,773	FS/NRCS	Schedule C

UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT  
Fiscal Year 2015

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	146,450	36,612	OSEC	Non-Career
Deputy Under Secretary	ES	146,450	36,612	OSEC	Non-Career
Chief of Staff	ES	140,000	34,034	OSEC/FS/ NRCS	Non-Career
Senior Advisor	GS-15/06	147,288	36,822	FS/NRCS	Schedule C
Special Assistant	GS-13/04	99,905	24,976	FS/NRCS	Schedule C
Policy Advisor	GS-12/01	76,378	19,095	FS/NRCS	Schedule C

UNDER SECRETARY FOR RESEARCH, EDUCATION AND ECONOMICS  
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,625	OSEC	PAS
Deputy Under Secretary	ES	179,700	44,925	OSEC	Career
Director, Office of the Chief Scientist	ES	160,336	40,084	ARS/NIFA/ ERS/NASS	Career
Chief of Staff	GS-15/04	136,134	34,752	ARS/NIFA/ ERS/NASS	Schedule C
Special Assistant	GS-12/01	74,872	18,718	OSEC	Schedule C

UNDER SECRETARY FOR RESEARCH, EDUCATION AND ECONOMICS  
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,625	OSEC	PAS
Deputy Under Secretary	ES	179,700	44,925	OSEC	Career
Senior Advisor	ES	165,300	41,325	ARS/NIFA/ ERS/NASS	Non-Career
Chief of Staff	GS-15/01	123,758	30,940	OSEC	Schedule C
Confidential Assistant	GS-12/01	74,872	18,718	ARS/NIFA/ ERS/NASS	Schedule C

UNDER SECRETARY FOR RESEARCH, EDUCATION AND ECONOMICS  
Fiscal Year 2013

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,625	OSEC	PAS
Deputy Under Secretary	ES	179,700	44,925	OSEC	Career
Senior Advisor	ES	165,300	41,325	ARS/NIFA/ ERS/NASS	Non-Career
Supervisory Specialist	ES	165,300	41,325	OSEC	Non-Career
Chief of Staff	ES	140,000	35,000	OSEC	Schedule C
Confidential Assistant	GS-12/02	77,368	19,342	ARS/NIFA/ ERS/NASS	Schedule C
Office Automation Clerk	GS-05/01	34,075	8,519	OSEC	Schedule C

UNDER SECRETARY FOR RESEARCH, EDUCATION AND ECONOMICS  
Fiscal Year 2014

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,625	OSEC	PAS
Deputy Under Secretary	ES	181,500	45,375	OSEC	Career
Supervisor Natural Resources Specialist	ES	165,300	41,325	ARS/NIFA/ ERS/NASS	Non-Career
Chief of Staff	ES	140,000	35,000	OSEC/ARS/ NIFA/ERS/ NASS	Schedule C
Confidential Assistant	GS-07/01	42,631	10,658	OSEC	Schedule C
Confidential Assistant	GS-05/02	35,563	8,891	ARS/NIFA/ ERS/NASS	Schedule C

UNDER SECRETARY FOR RESEARCH, EDUCATION AND ECONOMICS  
Fiscal Year 2015

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,625	OSEC	PAS
Deputy Under Secretary	ES	183,300	45,825	OSEC	Career
Supervisor Natural Resources Specialist	ES	167,000	41,750	ARS/NIFA/ ERS/NASS	Non-Career
Chief of Staff	ES	141,400	35,350	OSEC/ARS/ NIFA/ERS/ NASS	Schedule C
Confidential Assistant	GS-07/01	43,057	10,764	OSEC/ARS/ NIFA/ERS/ NASS	Schedule C
Confidential Assistant	GS-06/01	38,747	9,687	ARS/NIFA/ ERS/NASS	Schedule C

UNDER SECRETARY FOR RURAL DEVELOPMENT  
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,625	OSEC	PAS
Deputy Under Secretary	ES	150,800	37,700	OSEC	Non-Career
Director, Economic and Community Development	GS-15/04	136,134	34,034	RD	Schedule C
Chief of Staff	GS-15/03	132,009	33,002	OSEC	Schedule C
Confidential Assistant	GS-12/01	74,874	18,719	RD	Schedule C
Consultant	EF-0/0	45,374	11,344	RD	Schedule B

UNDER SECRETARY FOR RURAL DEVELOPMENT  
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,625	OSEC	PAS
Deputy Under Secretary	ES	152,250	38,063	OSEC	Non-Career
Deputy Under Secretary	ES	150,800	37,700	OSEC	Non-Career
Senior Advisor	GS-15/10	155,500	38,875	RD	Schedule C
Director, Legislative and Public Affairs	GS-15/06	144,385	36,096	RD	Schedule C
Chief of Staff	GS-15/04	136,134	34,034	RD	Schedule C
Special Assistant for Energy Program	GS-13/03	94,969	23,742	RD	Schedule C

UNDER SECRETARY FOR RURAL DEVELOPMENT  
Fiscal Year 2013

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Administrator	EX-IV	\$155,500	\$38,875	RD	Non-Career
Deputy Under Secretary	ES	152,250	38,063	OSEC	Non-Career
Deputy Under Secretary	ES	155,000	38,750	OSEC	Non-Career
Chief of Staff	ES	140,000	35,000	OSEC/RD	Non-Career
Senior Advisor	GS-15/10	155,500	38,875	RD	Schedule C
Director	GS-15/06	144,385	36,096	RD	Schedule C
National Coordinator	GS-14/02	108,717	27,179	RD	Schedule C
Special Assistant for Energy Program	GS-13/04	97,936	24,484	OSEC	Schedule C
Special Assistant	GS-11/01	62,467	15,617	RD	Schedule C
Special Assistant	GS-11/01	62,467	15,617	OSEC	Schedule C

UNDER SECRETARY FOR RURAL DEVELOPMENT  
Fiscal Year 2014

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Deputy Under Secretary	ES	\$152,250	\$38,063	OSEC	Non-Career
Deputy Under Secretary	ES	155,000	38,750	OSEC	Non-Career
Senior Advisor	GS-15/10	157,100	39,275	RD	Schedule C
Chief of Staff	ES	140,000	35,000	OSEC/RD	Schedule C
Director, Legislative and Public Affairs	GS-15/06	145,827	36,457	RD	Schedule C
National Coordinator	GS-14/02	109,804	27,451	RD	Schedule C
Special Assistant for Energy Program	GS-13/04	98,916	24,729	RD	Schedule C
Special Assistant	GS-11/02	65,194	16,299	OSEC	Schedule C
Special Assistant	GS-11/01	63,091	15,773	RD	Schedule C

UNDER SECRETARY FOR RURAL DEVELOPMENT  
Fiscal Year 2015

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	ES	\$165,350	\$41,338	OSEC	Non-Career
Deputy Under Secretary	ES	158,500	39,625	OSEC	Non-Career
Senior Advisor	ES	158,700	39,675	OSEC	Schedule C
Chief of Staff	ES	141,400	35,350	RD	Schedule C
Senior Advisor	GS-15/10	158,700	39,675	RD	Schedule C
Director, Legislative and Public Affairs	GS-15/06	147,288	37,072	RD	Schedule C
National Coordinator	GS-14/03	114,480	28,620	RD	Schedule C
Special Assistant for Energy Program	GS-13/05	102,932	25,733	RD	Schedule C
Special Assistant	GS-12/01	76,378	19,095	RD	Schedule C

UNDER SECRETARY FOR MARKETING AND REGULATORY PROGRAMS  
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	149,350	37,338	OSEC	Non-Career
Deputy Under Secretary	ES	145,000	36,250	OSEC	Non-Career
Staff Assistant	GS-15/01	113,735	28,434	AMS/APHIS/ GIPSA	Career
Program Specialist	GS-14/04	115,731	28,933	AMS/APHIS/ GIPSA	Career
Program Specialist	GS-13/03	94,969	23,742	AMS/APHIS/ GIPSA	Career
Staff Assistant	GS-11/01	62,467	15,617	AMS/APHIS/ GIPSA	Career
Program Specialist	GS-11/01	62,467	15,617	AMS/APHIS/ GIPSA	Schedule C

UNDER SECRETARY FOR MARKETING AND REGULATORY PROGRAMS  
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	145,000	36,250	OSEC	Non-Career
Deputy Under Secretary	ES	145,000	36,250	OSEC	Non-Career
Program Specialist	GS-14/05	119,238	29,810	AMS/APHIS/ GIPSA	Career
Senior Advisor	GS-14/01	105,211	26,303	OSEC	Schedule C
Program Specialist	GS-13/03	94,969	23,742	AMS/APHIS/ GIPSA	Career
Confidential Assistant	GS-13/02	92,001	23,000	AMS/APHIS/ GIPSA	Schedule C
Program Specialist	GS-11/02	64,548	16,137	AMS/APHIS/ GIPSA	Schedule C
Staff Assistant	GS-11/01	62,467	15,617	AMS/APHIS/ GIPSA	Career
Program Assistant	GS-4/1	30,456	7,614	AMS/APHIS/ GIPSA	Career

UNDER SECRETARY FOR MARKETING AND REGULATORY PROGRAMS  
Fiscal Year 2013

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Under Secretary	ES	145,000	36,250	OSEC	Non-Career
Chief of Staff	ES	140,000	35,000	OSEC/AMS/ APHIS/ GIPSA	Schedule C
Program Specialist	GS-14/05	119,238	29,810	AMS	Career
Program Specialist	GS-13/04	97,936	24,484	AMS/APHIS/ GIPSA	Career
Staff Assistant	GS-11/02	64,548	16,137	AMS/APHIS/ GIPSA	Career

UNDER SECRETARY FOR MARKETING AND REGULATORY PROGRAMS  
Fiscal Year 2014

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Secretary	ES	145,000	36,250	OSEC	Non-Career
Deputy Under Secretary	ES	145,000	36,250	OSEC/AMS/ APHIS/ GIPSA	Non-Career
Chief of Staff	ES	140,000	35,000	OSEC	Schedule C
Senior Advisor	GS-14/04	116,887	29,222	AMS/APHIS/ GIPSA	Schedule C
Program Specialist	GS-14/06	134,878	33,720	AMS/APHIS/ GIPSA	Schedule C
Program Specialist	GS-13/04	98,916	24,729	OSEC AMS/APHIS/ GIPSA	Career
Staff Assistant	GS-11/02	65,194	16,299	AMS/APHIS/ GIPSA	Schedule C
Confidential Assistant	GS-09/02	53,884	13,471	AMS/APHIS/ GIPSA	Schedule C

UNDER SECRETARY FOR MARKETING AND REGULATORY PROGRAMS  
Fiscal Year 2015

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Under Secretary	EX-III	\$165,300	\$41,325	OSEC	PAS
Deputy Secretary	ES	146,450	36,613	OSEC	Non-Career
Deputy Under Secretary	ES	146,450	36,613	OSEC	Non-Career
Program Specialist	GS-13/05	102,932	25,733	AMS/APHIS/ GIPSA	Career
Staff Assistant	GS-11/02	65,847	16,462	AMS/APHIS/ GIPSA	Schedule C
Confidential Assistant	GS-11/01	63,722	15,931	AMS/APHIS/ GIPSA	Schedule C

ASSISTANT SECRETARY FOR ADMINISTRATION  
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	EX-IV	\$155,500	\$38,875	OSEC	PAS
Deputy Assistant Secretary	ES	179,700	44,925	OSEC	Career
Associate Assistant Secretary	ES	179,700	44,925	Greenbook Reimb.	Career
Deputy Assistant Secretary	ES	155,000	38,750	OSEC	Non-Career
Deputy Director Cultural Transformation	ES	133,900	33,475	Greenbook Reimb.	Non-Career
Special Assistant	GS-15/10	155,500	38,875	Greenbook Reimb.	Career
EEO Special	GS-14/09	133,264	33,316	Forest Service	Career
Horticulturist	GS-14/09	133,264	33,316	Greenbook Reimb.	Career
Management Analyst	GS-12/01	74,872	18,718	Greenbook Reimb.	Career
Secretary	GS-12/01	74,872	18,718	DM Staff Offices	Career
Executive Assistant	GS-09/01	51,630	12,908	DM Staff Offices	Career
Secretary	GS-08/08	57,649	14,412	Greenbook Reimb.	Career

ASSISTANT SECRETARY FOR ADMINISTRATION  
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Acting Assistant Secretary	ES	\$179,700	\$26,277	OSEC	Career
Deputy Assistant Secretary	ES	179,700	44,925	OSEC	Career
Associate Assistant Secretary	ES	179,700	44,925	Greenbook Reimb.	Career
Deputy Assistant Secretary	ES	155,000	38,750	OSEC	Non-Career
Special Assistant	ES	133,900	33,475	Greenbook Reimb.	Non-Career
Special Assistant	GS-15/07	136,483	34,121	Forest Service	Schedule C
Chief of Staff	GS-15/04	136,134	34,034	DM Staff Offices	Schedule C
Horticulturist	GS-14/09	133,264	33,316	Greenbook Reimb.	Career
Program Analyst	GS-14/01	105,211	26,303	Greenbook Reimb.	Schedule C
Special Asst.	GS-13/01	89,033	22,258	Greenbook Reimb.	Schedule C
Management Analyst	GS-12/01	74,872	18,718	Greenbook Reimb.	Career
Secretary	GS-11/08	77,040	19,260	Greenbook Reimb.	Career
Equal Employment Specialist	GS-11/01	59,987	14,997	Forest Service	Schedule C
Management Analyst	GS-11/01	62,467	15,617	DM Staff Offices	Schedule C
Confidential Asst.	GS-11/01	62,467	15,617	DM Staff Offices	Schedule C
Equal Employment Specialist	GS-09/10	64,450	16,113	Forest Service	Schedule C
Executive Assistant	GS-09/01	51,630	12,908	Admin.	Career
Management Analyst	GS-09/01	51,630	12,907	Greenbook Reimb.	Schedule C

Staff Assistant	GS-05/01	34,075	8,519	Greenbook Reimb	Schedule C
Staff Assistant	GS-05/01	34,075	8,519	Forest Service	Schedule C

ASSISTANT SECRETARY FOR ADMINISTRATION  
Fiscal Year 2013

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Acting Assistant Secretary	ES	\$179,700	\$26,277	OSEC/WCF/Greenbook Reimb.	Career
Deputy Assistant Secretary	ES	179,700	44,925	OSEC/WCF/Greenbook Reimb.	Career
Deputy Assistant Secretary	ES	155,000	38,750	OSEC	Non-Career
Deputy Chief of Staff	ES	140,000	35,000	OSEC/WCF/Greenbook Reimb.	Non-Career
Special Assistant	GS-15/07	136,483	34,121	Forest Service	Schedule C
Senior Advisor	GS-15/05	\$140,259	35,065	Greenbook Reimb.	Schedule C
Senior Advisor	GS-15/04	136,134	34,034	Greenbook Reimb.	Schedule C
Management Analyst	GS-12/02	77,368	19,342	Greenbook Reimb.	Career
Executive Assistant	GS-11/01	62,467	15,617	OSEC/WCF/Greenbook Reimb.	Career
Secretary	GS-11/08	77,040	19,260	Greenbook Reimb.	Career
Confidential Asst.	GS-13/01	89,033	22,258	OSEC/WCF/Greenbook Reimb.	Schedule C
Staff Assistant	GS-05/01	34,075	8,519	Greenbook Reimb.	Schedule C
Staff Assistant	GS-05/01	34,075	8,519	OSEC/WCF/Greenbook Reimb.	Schedule C

ASSISTANT SECRETARY FOR ADMINISTRATION  
Fiscal Year 2014

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	ES	\$181,500	\$45,375	OSEC/WCF/ Greenbook Reimb.	Career
Deputy Assistant Secretary	ES	181,500	45,375	OSEC/WCF/ Greenbook Reimb.	Career
Deputy Assistant Secretary	ES	155,000	44,925	OSEC	Non-Career
Chief of Staff	ES	140,000	40,625	OSEC/WCF/ Greenbook Reimb.	Non-Career
Senior Advisor	GS-15/05	141,660	35,415	Greenbook Reimb.	Schedule C
Senior Advisor	GS-15/05	141,660	35,415	Greenbook Reimb.	Schedule C
Management Analyst	GS-12/03	80,662	20,166	Greenbook Reimb.	Career
Special Assistant	GS-13/02	92,922	23,231	OSEC	Schedule C
Executive Assistant	GS-11/02	65,194	16,299	OHSEC	Career
Management Analyst	GS-13/03	95,919	23,980	OSEC/WCF/ Greenbook Reimb.	Schedule C
Secretary	GS-11/09	79,916	19,979	Greenbook Reimb.	Career
Secretary	GS-11/04	69,400	17,350	OSEC	Career

ASSISTANT SECRETARY FOR ADMINISTRATION  
Fiscal Year 2015

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	ES	\$183,300	\$45,825	OSEC/WCF/ Greenbook Reimb.	Career
Deputy Assistant Secretary	ES	183,300	45,825	OSEC/WCF/ Greenbook Reimb.	Career
Deputy Assistant Secretary	ES	156,550	39,138	OSEC/WCF/ Greenbook	Non-Career
Chief of Staff	ES	155,000	38,750	OSEC	Schedule C
Senior Advisor	GS-15/05	143,079	35,770	Greenbook Reimb.	Schedule C
Senior Advisor	GS-15/05	143,079	35,770	Greenbook Reimb.	Schedule C
Management Analyst	GS-12/04	84,017	21,004	Greenbook Reimb.	Career
Management Analyst	GS-13/03	96,878	24,219	OSEC/WCF/ Greenbook Reimb.	Schedule C
Secretary	GS-11/09	80,716	20,179	Greenbook Reimb.	Career
Administrative Specialist	GS-11/04	70,095	17,524	OSEC/WCF/ Greenbook	Career
Office Automation Clerk	GS-03/01	27,675	6,919	OSEC/WCF/ Greenbook	Career

ASSISTANT SECRETARY FOR CIVIL RIGHTS  
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	EX-IV	\$155,500	\$38,875	OSEC	PAS
Deputy Assistant Secretary	ES	155,000	38,750	OSEC	Non-Career
Special Assistant	GS-13/04	97,936	24,484	OSEC	Schedule C
Special Assistant	GS-13/02	92,001	23,000	Civil Rights	Schedule C
Administrative Specialist	GS-12/10	99,333	24,833	Civil Rights	Career
Executive Assistant	GS-12/08	92,341	23,085	Civil Rights	Career
Compliance Analyst Specialist	GS-09/02	53,350	13,338	Civil Rights	Schedule C

ASSISTANT SECRETARY FOR CIVIL RIGHTS  
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	EX-IV	\$155,500	\$38,875	OSEC	PAS
Senior Advisor	GS-14/01	105,211	26,303	OSEC	Schedule C
Administrative Specialist	GS-12/10	97,333	24,333	Civil Rights	Career
Executive Assistant	GS-12/08	92,341	23,085	Civil Rights	Career
Compliance Analysis Specialist	GS-09/02	53,350	13,338	Civil Rights	Schedule C

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ASSISTANT SECRETARY FOR CIVIL RIGHTS  
Fiscal Year 2013

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	EX-IV	\$155,500	\$38,875	OSEC	PAS
Deputy Assistant Secretary	ES	145,000	36,250	OSEC	Schedule C
Administrative Specialist	GS-12/10	97,333	24,333	OSEC	Career

ASSISTANT SECRETARY FOR CIVIL RIGHTS  
Fiscal Year 2014

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	EX-IV	\$155,500	\$38,875	OSEC	PAS
Deputy Assistant Secretary	ES	160,000	40,000	OSEC	Schedule C
Special Assistant	GS-12/03	80,662	20,166	OSEC	Schedule C

ASSISTANT SECRETARY FOR CIVIL RIGHTS  
Fiscal Year 2015

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	EX-IV	\$155,500	\$38,875	OSEC	PAS
Deputy Assistant Secretary	ES	160,000	40,000	OSEC	Schedule C
Senior Advisor	GS-14/01	107,325	26,831	OSEC	Schedule C
Special Assistant	GS-13/01	90,823	22,706	OSEC	Schedule C

ASSISTANT SECRETARY FOR CONGRESSIONAL RELATIONS  
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Deputy Assistant Secretary	ES	\$149,350	\$46,508	OSEC	Non-Career
Senior Advisor	ES	148,510	37,128	RD	Career
Director, Intergovernmental Affairs	GS-15/06	144,385	40,125	OSEC	Schedule C
Senior Advisor for Labor Affairs	GS-15/04	136,134	34,034	RD	Schedule C
Special Assistant	GS-15/01	123,758	30,093	OSEC	Schedule C
Deputy Director, Intergovernmental Affairs	GS-14/01	105,211	32,279	OSEC	Schedule C
Special Assistant	GS-12/05	84,855	21,214	OSEC	Career
Secretary	GS-12/03	79,864	19,966	OSEC	Career
Staff Assistant	GS-12/01	74,872	18,718	OSEC	Schedule C
Special Assistant	GS-11/07	74,958	18,740	OSEC	Schedule C
Special Assistant	GS-11/07	74,958	18,740	OSEC	Career
Legal Analyst	GS-11/02	64,548	16,137	OSEC	Schedule C
Transportation Assistant	WG-08/05	52,976	13,244	OSEC	Career
Legislative Analyst	GS-07/02	43,616	10,904	OSEC	Career
Staff Assistant	GS-07/01	42,209	10,552	OSEC	Schedule C
Legislative Analyst	GS-07/01	42,209	10,552	OSEC	Schedule C

ASSISTANT SECRETARY FOR CONGRESSIONAL RELATIONS  
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	EX-IV	\$155,500	\$38,875	OSEC	PAS
Deputy Assistant Secretary	ES	149,350	37,338	OSEC	Non-Career
Senior Advisor	ES	165,300	41,325	RD	Career
Director, Intergovernmental Affairs	GS-15/06	144,385	36,096	OSEC	Schedule C
Confidential Assistant	GS-13/05	100,904	25,226	OSEC	Schedule C
Special Assistant	GS-13/01	89,033	22,258	OSEC	Schedule C
Confidential Assistant	GS-13/01	89,033	22,258	OSEC	Schedule C
Special Assistant	GS-12/06	87,350	21,838	OSEC	Career
Secretary	GS-12/04	82,359	20,590	OSEC	Career
Staff Assistant	GS-11/07	74,958	18,740	OSEC	Schedule C
Special Assistant	GS-11/07	74,958	18,740	OSEC	Career
Staff Assistant	GS-09/01	51,630	12,908	OSEC	Schedule C
Staff Assistant	GS-09/01	51,630	12,908	OSEC	Schedule C
Transportation Assistant	WG-08/05	52,976	13,244	OSEC	Career
Student Training	GS-01/01	22,115	5,529	OSEC	Schedule C

ASSISTANT SECRETARY FOR CONGRESSIONAL RELATIONS  
Fiscal Year 2013

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	EX-IV	\$179,700	\$44,925	OSEC	PAS
Deputy Assistant Secretary	ES	149,350	37,338	OSEC	Non-Career
Senior Advisor	ES	165,300	41,325	RD	Career
Director, Intergovernmental Affairs	GS-15/07	148,510	37,128	OSEC	Schedule C
Deputy Director	GS-15/5	\$140,259	35,065	OSEC	Schedule C
Confidential Assistant	GS-14/01	105,211	26,303	OSEC	Schedule C
Special Assistant	GS-12/06	87,350	21,838	OSEC	Career
Secretary	GS-12/04	82,359	20,590	OSEC	Career
Special Assistant	GS-11/07	74,958	18,740	OSEC	Career
Staff Assistant	GS-11/01	62,467	15,617	OSEC	Schedule C
Staff Assistant	GS-09/01	51,630	12,908	OSEC	Schedule C
Staff Assistant	GS-09/01	51,630	12,908	OSEC	Schedule C
Transportation Assistant	WG-08/06	53,534	13,384	OSEC	Career

ASSISTANT SECRETARY FOR CONGRESSIONAL RELATIONS  
Fiscal Year 2014

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	EX-IV	\$155,500	\$38,875	OSEC	PAS
Deputy Assistant Secretary	ES	149,350	37,338	OSEC	Non-Career
Director, Intergovernmental Affairs	GS-15/07	144,385	37,498	OSEC	Schedule C
Deputy Director	GS-15/05	141,660	35,415	OSEC	Schedule C
Administrative Specialist	GS-12/01	75,621	18,905	OSEC	Schedule C
Confidential Assistant	GS-12/01	75,621	18,906	OSEC	Schedule C
Confidential Assistant	GS-11/02	65,194	16,299	OSEC	Schedule C
Secretary	GS-12/05	85,703	21,426	OSEC	Career
Legislative Analyst	GS-09/01	52,146	13,037	OSEC	Schedule C
Staff Assistant	GS-09/02	53,884	13,471	OSEC	Schedule C
Transportation Assistant	GS-08/06	55,082	13,771	OSEC	Career
Confidential Assistant	GS-07/03	45,473	11,368	OSEC	Schedule C

ASSISTANT SECRETARY FOR CONGRESSIONAL RELATIONS  
Fiscal Year 2015

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Assistant Secretary	EX-IV	\$155,500	\$38,875	OSEC	PAS
Deputy Assistant Secretary	ES	135,000	33,750	OSEC	Non-Career
Deputy Director	GS-15/05	143,079	35,770	OSEC	Schedule C
Legislative Director	GS-14/01	107,325	26,831	OSEC	Schedule C
Administrative Specialist	GS-12/02	78,924	19,731	OSEC	Schedule C
Confidential Assistant	GS-13/01	90,823	22,706	OSEC	Schedule C
Confidential Assistant	GS-11/03	67,971	16,993	OSEC	Schedule C
Special Assistant	GS-12/05	86,564	21,641	OSEC	Career
Legislative Analyst	GS-09/02	54,423	13,606	OSEC	Schedule C
Legislative Analyst	GS-09/01	52,668	13,167	OSEC	Schedule C
Staff Assistant	GS-11/01	63,722	15,931	OSEC	Schedule C
Transportation Assistant	GS-08/06	55,634	13,909	OSEC	Career
Confidential Assistant	GS-07/03	45,927	11,482	OSEC	Schedule C

OFFICE OF TRIBAL RELATIONS  
Fiscal Year 2011

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Senior Advisor for Tribal Issues	ES	\$145,000	\$36,250	OTR	Non-Career
Program Specialist	GS-13/05	100,904	25,226	Greenbook Reimb.	Career
Program Specialist	GS-13/03	87,278	21,820	OTR	Career
Management Analyst	GS-09/01	51,630	12,908	OTR	Career

OFFICE OF TRIBAL RELATIONS  
Fiscal Year 2012

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Senior Advisor for Tribal Issues	ES	\$145,000	\$36,250	OTR	Non-Career
Director, Tribal Relations	GS-15/04	136,134	34,034	OTR	Schedule C
Program Specialist	GS-13/04	90,005	21,820	OTR/FS	Career
Management Analyst	GS-11/01	62,467	15,617	OTR	Career

OFFICE OF TRIBAL RELATIONS  
Fiscal Year 2013

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Director, Tribal Relations	ES	\$155,000	\$38,750	OTR	Non-Career
Program Specialist	GS-13/04	90,005	21,820	OTR/FS	Career
Management Analyst	GS-11/02	64,548	16,137	OTR	Career

OFFICE OF TRIBAL RELATIONS  
Fiscal Year 2014

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Director, Tribal Relations	ES	\$155,000	\$38,750	OTR	Non-Career
Management Analyst	GS-12/01	75,621	18,905	OTR	Career
Staff Assistant	GS-05/1	34,415	8,604	OTR	Career

OFFICE OF TRIBAL RELATIONS  
Fiscal Year 2015

TITLE	GRADE	SALARY	BENEFITS	FUNDED BY	APPOINTMENT
Director, Tribal Relations	ES	\$156,550	\$39,138	OTR	Non-Career
Management Analyst	GS-12/01	76,378	19,095	OTR	Career
Staff Assistant	GS-7/5	48,796	12,199	OTR	Career
Staff Assistant	GS-05/2	35,918	8,980	Greenbook	Career

ADVISORY COMMITTEES

Mr. Aderholt: For the record, please provide a list of all advisory committees, panels, task forces, and commissions that are funded in FY 2011 through 2015. Indicate those that are mandated by law and those that are

discretionary as well as the funding level of each. Also list each advisory committee, panel, task force and commission that you propose to operate in FY 2016 and the proposed budget for each.

Response: Information on all advisory committees, panels, task forces, and commissions that were funded in fiscal years 2011 through 2015 follow. Operations for fiscal year 2016 will be considered after final Congressional action.

[The information follows:]

Policy Area and Advisory Committee	Authority Statutory (S) or Discretionary (D)	FY 2011	FY2012	FY2013	FY 2014	FY 2015
<b>FOOD, NUTRITION AND CONSUMER SERVICES:</b>						
National Advisory Council on Maternal, Infant, and Fetal Nutrition.....	S 47 U.S.C 1786	\$50,000	\$75,000	\$75,000	\$75,000	\$80,000
<b>FOOD SAFETY:</b>						
National Advisory Committee on Meat and Poultry Inspection.....	S 21 U.S.C. 454 (a) (4)	60,000	50,000	50,000	50,000	60,000
National Advisory Committee on Microbiological Criteria for Foods.....	D Departmental Regulation 1043-28	160,000	200,000	120,000	120,000	150,000
<b>RESEARCH, EDUCATION AND ECONOMICS:</b>						
NIFA/Forestry Research Advisory Council.....	S 16 U.S.C. 3922a-4	65,000	0	0	0	0
ARS/Advisory Committee on Biotechnology and 21st Century Agriculture.....	D Departmental Regulation 1043-049	284,000	274,000	274,000	274,000	274,000
ERS/Advisory Committee on Agricultural Statistics.....	D Departmental Regulation 1043-130	35,000	70,000	70,000	70,000	70,000
<b>MARKETING AND REGULATORY PROGRAMS:</b>						
APHIS/National Wildlife Services Advisory Committee.....	D Departmental Regulation 1043-27	24,000	43,000	43,000	43,000	50,000
APHIS/General Conference Comm. on the National Poultry Improvement Plan.....	D Departmental Regulation 1043-8	8,500	33,000	26,000	25,000	30,000
APHIS/Advisory Committee on Animal Health and Poultry Diseases.....	D Departmental Regulation 1043-31	35,000	45,000	60,000	60,000	70,000
AMS/National Organic Standards Board.....	S 7 U.S.C 2301	80,000	190,000	190,000	190,000	200,000
AMS/Fruit and Vegetable Industry Advisory Committee.....	D Departmental Regulation 1042-139	70,000	96,000	96,000	96,000	100,000
AMS/Universal Cotton Standards Advisory Committee.....	D Departmental Regulation 1043-032	0	0	25,000	0	0
GISPA/Federal Grain Inspection Advisory Committee.....	S 7 U.S.C 2101	47,000	40,000	50,000	50,000	75,000
<b>FARM AND FOREIGN AGRICULTURAL SERVICES:</b>						
FAS/Agricultural Policy Advisory Committee for Trade.....	S 19 U.S.C 2301	18,520	50,550	24,982	24,982	40,000
FAS/Agricultural Technical Advisory Committee for Trade.....	S 19 U.S.C.2101	111,120	124,300	149,868	149,868	150,000
FAS/Advisory Committee on Emerging Markets.....	S 7 U.S.C 1421	25,000	20,000	20,000	10,000	10,000
FAS/Consultative Group on Child Labor and Forced Labor.....	S 22 U.S.C 1301	14,000	0	0	0	0
FSA/Dairy Industry Advisory Committee.....	S 7 U.S.C.1311	100,000	0	0	0	0
FSA/Edward B. Madigan Agricultural Export Excellence Award Board.....	S 7 U.S.C 5678	0	20,000	20,000	10,000	10,000
<b>NATURAL RESOURCES AND ENVIRONMENT:</b>						
Task Force on Agricultural Air Quality Research.....	S 7 U.S.C. 5405	180,000	150,000	160,000	150,000	170,000
<b>OSCE/DEPARTMENTAL MANAGEMENT:</b>						
Nipponic Association of Colleges and Universities.....	Agency Discretionary	23,000	20,941	20,000	20,000	20,000
Native American Advisory Committee.....	S 7 U.S.C 2279	0	84,000	84,000	84,000	90,000
Minority Farmer Advisory Committee.....	S 7 U.S.C 1929	80,000	101,000	101,000	101,000	101,000
Advisory Committee on Beginning Farmers and Ranchers.....	D Memorandum of Agreement dated 10/96	80,000	112,000	112,000	112,000	112,000
<b>Subtotal, Advisory Committees</b>						
		<u>1,570,140</u>	<u>1,799,391</u>	<u>1,765,450</u>	<u>1,715,430</u>	<u>1,842,000</u>
<b>Contingency Reserve</b>						
		<u>229,860</u>	<u>609</u>	<u>14,550</u>	<u>84,550</u>	<u>84,550</u>
<b>TOTAL, ADVISORY COMMITTEES UNDER THE STATUTORY CAP:</b>						
		<u><u>\$1,800,000</u></u>	<u><u>\$1,800,000</u></u>	<u><u>\$1,800,000</u></u>	<u><u>\$1,800,000</u></u>	<u><u>\$1,842,000</u></u>
<b>ADVISORY COMMITTEE EXPENSE FROM THE STATUTORY CAP:</b>						
<b>RESEARCH, EDUCATION, AND ECONOMICS:</b>						
National Agricultural Research, Extension, Education and Economics Advisory Board.....		407,000	500,000	500,000	500,000	500,000
<b>TOTAL, ADVISORY COMMITTEES</b>						
		<u><u>\$2,207,000</u></u>	<u><u>\$2,300,000</u></u>	<u><u>\$2,300,000</u></u>	<u><u>\$2,300,000</u></u>	<u><u>\$2,342,000</u></u>

## STAFF YEAR REDUCTIONS

Mr. Aderholt: Please provide a table that shows, by fiscal year and agency, the staff year reductions that occurred in fiscal years 2014 and 2015.

Response: The information is provided for the record. Note that in total, staff years are estimated to increase in FY 2015 above the FY 2014 level. This is partly due to Farm Bill implementation efforts. Some of the increase reflects financial management services provided by USDA to other Federal agencies on a cost-reimbursable basis. Even with the estimated increase in overall USDA staffing between 2014 and 2015, total Department staffing would remain about 6 percent below 2010 levels, while the Department has delivered record levels of service. This includes successful implementation of new and expanded programs to address key priorities authorized in the Healthy, Hunger-Free Kids Act, the 2014 Farm Bill and other legislation.

UNITED STATES DEPARTMENT OF AGRICULTURE  
 FYs 2014-2015 Staff Year Changes

FY 2014 Actual    FY 2015 Estimate    SY Change  
 2014-2015

Agency

Agency	FY 2014 Actual	FY 2015 Estimate	SY Change 2014-2015
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>			
Farm Service Agency	3,987	4,438	451
Risk Management Agency	429	450	21
Foreign Agricultural Service	926	888	-38
<b>RURAL DEVELOPMENT</b>			
Rural Development	4,606	5,026	420
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>			
Food and Nutrition Service	1,325	1,664	339
<b>FOOD SAFETY</b>			
Food Safety and Inspection Service	9,036	9,298	262
<b>NATURAL RESOURCES AND ENVIRONMENT</b>			
Natural Resources Conservation Service	10,482	11,326	844
Forest Service	32,254	32,893	639
<b>MARKETING AND REGULATORY PROGRAMS</b>			
Animal and Plant Health Inspection Service	7,111	7,587	476
Agricultural Marketing Service	2,538	2,832	294
Grain Inspection, Packers & Stockyards Administration	644	654	10
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>			
Agricultural Research Service	6,893	7,450	557

National Institute of Food and Agriculture	380	410	30
Economic Research Service	341	365	24
National Agricultural Statistics Service	999	1,085	86
<b>DEPARTMENTAL ACTIVITIES</b>			
Office of the Secretary and Assistant Secretaries	96	102	6
Office of Homeland Security	57	73	16
Office of Advocacy and Outreach	41	46	5
Departmental Administration	435	491	56
Office of Communications	75	79	4
Office of the Chief Economist	48	54	6
National Appeals Division	82	87	5
Office of Budget and Program Analysis	45	52	7
Office of the Chief Information Officer	1,008	1,137	129
Office of the Chief Financial Officer	1,345	1,611	266
Office of the General Counsel	289	294	5
Office of Civil Rights	136	134	-2
Office of Inspector General	494	525	31
<b>Total, USDA Federal Staffing.</b>	<b>86,102</b>	<b>91,051</b>	<b>4,949</b>
FSA, Non-Federal Staffing	7,492	8,442	950
<b>Total, USDA Staffing</b>	<b>93,594</b>	<b>99,493</b>	<b>5,899</b>

## CODEX ALIMENTARIUS

Mr. Aderholt: Please provide total expenditures on Codex Alimentarius activities for fiscal years 2009 through the amount requested in the President's fiscal year 2016 request. Please provide a breakout by Agency and a grand total for each year.

Response: The information is provided for the record.

[The information follows:]

USDA Funding for Codex Alimentarius (Dollars in Thousands)								
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Agency	Actual	Actual	Actual	Actual	Actual	Actual	Enacted	President's Budget
FSIS	\$ 3,812	\$ 3,752	\$ 3,783	\$ 3,719	\$ 3,517	\$ 3,722	\$ 3,759	\$ 3,776
FAS	462	457	454	364	657	660	682	703
AMS	299	267	210	122	121	130	122	122
GIPSA	5	11	18	15	8	10	7	10
<b>Total, CODEX Activities</b>	<b>\$ 4,578</b>	<b>\$ 4,487</b>	<b>\$ 4,465</b>	<b>\$ 4,220</b>	<b>\$ 4,303</b>	<b>\$ 4,522</b>	<b>\$ 4,570</b>	<b>\$ 4,611</b>

## CCC SECTION 11

Please provide for the record a detailed listing of the CCC Section 11 (Cooperation with Other Federal Government Agencies) transfers and reimbursements reflected for fiscal years 2011 through 2014.

Response: The information is provided for the record.

SECTION 11 CCC REIMBURSABLE AGREEMENTS AND ACTIVITIES					
AGENCY	DESCRIPTION OF AGREEMENT	FY 2011	FY 2012	FY 2013	FY 2014
		\$(000)			
FAS	Salaries and benefits of positions supporting CCC programs	\$4,400	0	0	0
FAS	To provide information resource management services required to support CCC programs.	18,000	\$18,400	\$17,462	\$17,075
FAS	To support Non-CCC related information technology activities	4,000	5,000	4,745	4,640
FAS	Provide FFAS with FAS-contracted remote sensing imagery	1,500	1,500	1,424	1,392
FAS	Quality Samples Program	0	0	220	219
OGC	To provide legal services to CCC in the operation of its programs and activities.	250	350	285	325
FSA	Biomass Crop Assistance Program	2,000	0	0	510

SECTION 11 CCC REIMBURSABLE AGREEMENTS AND ACTIVITIES					
AGENCY	DESCRIPTION OF AGREEMENT	FY 2011	FY 2012	FY 2013	FY 2014
NASS	Price data for programs authorized in 2008 and 2014 Farm Bills	2,500	2,500	2,373	2,320
NASS	To provide FSA with county estimates on selected row crops, small grains, oilseeds, and processed vegetables.	100	100	95	93
NASS	To conduct a weekly survey of farmer stock peanut prices by variety.	200	200	190	186
DOI	To provide contractor support to maintain the General Sales Manager Export Credit Guarantee system and Data Mart.	923	1,050	996	925
DOE	To provide technical support in the areas of hazardous waste assessments in former CCC/USDA sites for operations and maintenance.	3,960	4,350	3,995	4,120
FSA	To provide technical support in the areas of hazardous waste assessments in former CCC/USDA sites for operations and maintenance.	100	300	0	0
MO Dept of Natural Res.	Technical support in the areas of hazardous waste assessments in former CCC/USDA sites for operations and maintenance.	20	20	19	19
KS Dept of Health	Technical support in the areas of hazardous waste assessments in former CCC/USDA sites for operations and maintenance.	60	0	0	60
NE Dept. of Environ. Quality	Technical support in the areas of hazardous waste assessments in former CCC/USDA sites for operations and maintenance.	20	30	19	19
AMS/GIPSA	Perform inspections (production site, port, or vessel) and commodity testing	0	250	47	0
AMS	To provide CCC all cotton classification information from the AMS regional classification offices.	400	400	380	371
AMS	To perform re-inspection on CCC inventory of non-fat dry milk and salmonella testing	5	5	0	0
AMS	Peanut Compliance Program	750	750	655	640
Total Reimbursable Agreements		39,188	35,205	32,904	32,913

SECTION 11 CCC REIMBURSABLE AGREEMENTS AND ACTIVITIES					
AGENCY	DESCRIPTION OF AGREEMENT	FY 2011	FY 2012	FY 2013	FY 2014
FSA	Loan Service Charges and other Administrative Reimbursements	4,715	6,083	4,081	2,784
INTERNATIONAL FOOD ASSISTANCE OPERATIONS					
GIPSA	To provide sampling and testing funds paid to the GIPSA for costs associated with sampling and testing Corn-Soy Blend (CSB).	2,500	2,500	1,424	1,392
OGC	To conduct activities in support of International Food Assistance Programs.	100	100	114	111
FAS	To conduct activities in support of International Food Assistance Programs.	120	120	95	93
FSA	To conduct activities in support of International Food Assistance Programs.	6,496	9,559	9,263	8,613
Total , International Food Assistance Operations		9,216	12,279	10,896	10,209
GRAND TOTAL		53,120	53,567	47,880	45,906

Provide an estimate for fiscal years 2015 and 2016.

Response: The information is provided for the record. FY 2015 data reflects funding apportioned as of February 25, 2015. Because Section 11 funding decisions involve a lengthy collaborative process including approval by the Office of Management and Budget, it is too early to provide reliable estimates for fiscal year 2016.

AGENCY	DESCRIPTION	FY 2015 Est
FAS	CCC Data Services contracts	18,650,000
FAS	Non-CCC IRM	4,750,000
FAS	Remote Sensing Imagery	5,250,000
FAS\FSA	Quality Samples Program	235,729
NASS	2002 Farm Bill-program price data	2,500,000
NASS	County Loan rate differentials	100,000
NASS	Weekly Peanut Prices by variety	200,000
DOE	Hazardous Waste Remediation	4,400,000
MODNR	Hazardous Waste Remediation	20,000
NDEQ	Hazardous Waste Remediation	

		20,000
KSDH	Hazardous Waste Remediation	60,000
DOI	GSM Contractor Support	996,540
AMS	Cotton electronic class card data	400,000
AMS	Peanut Compliance Program	728,375
OGC	CCC Legal Assistance	350,000
Total Reimbursable Agreements		38,660,644
Transfers		
FSA	Loan Service Charges and other Administrative Reimbursements	3,000,000
Title II Operations		
GIPSA	Sampling and Testing	700,000
FAS	Support of Title II	120,000
OGC	Support of Title II	100,000
AGENCY DESCRIPTION FY 2015 Est		
FSA	Support of Title II (WDC, KCCO Staff, and IT Support)	7,099,354
Total Title II Operations		8,019,354
Total Reimbursable Agreements/Section 11 Activities		49,679,998

Mr. Aderholt: What activities are not being funded through CCC Section 11 that, under current law, would fall within that funding authority? How are these activities being funded?

Response: Section 11 of the CCC Charter Act (15 U.S.C. 714i), authorizes CCC to pay the costs of personnel, services, facilities, and information of any Federal Government, State, Territory, District of Columbia, or any political subdivision agency which assists the CCC in conducting its business. As with other programs, CCC must budget for activities that must be carried out under Section 11 authority. This requires balancing multiple requests and ensuring activities carried out are done efficiently. The statutory cap on Section 11 funding established by the Agricultural Market Transition Act, P. L. 104-127, on April 4, 1996, has limited annual funding to the FY 1995 level of \$56,102,727.

#### COMMON COMPUTING ENVIRONMENT

Mr. Aderholt: Describe your 2014 and 2015 activities and costs for Common Computing Environment in each of the respective agencies and in OCIO if applicable.

Response: In 2012, OCIO initiated an Optimized Computing Environment (OCE) investment to create a modern, centralized Common Computing Environment to optimize operations at the three Service Center Agencies: the Farm Service Agency (FSA), Natural Resource Conservation Service (NRCS), and Rural Development (RD).

OCE program investments are managed by USDA's Office of the Chief Information Officer/Client Technology Services (OCIO/CTS), with funding coming from the Service Center Agencies. In FY 2014 and FY 2015 the OCE investment budget was approved for \$29 million for each fiscal year.

This investment provides the following benefits to the Service Center Agencies:

- Improved Network Performance;
- Improved VoIP Availability and Performance;
- Modernized Technology;
- Right-Sized Systems to Meet Individual Business Needs;
- Minimized Business Service Outages; and
- Enhanced File Storage Capabilities.

Below is a listing of the OCE activities, and their respective costs:

FY 2014

Contributions:

Farm Services Agency	\$13,000,000
Rural Development	\$ 4,501,000
Natural Resources Conservation Service	\$11,537,000

OCE Projects:

Physical Server Replacement	\$ 450,000
Continued Phone System Replacement	\$ 6,000,000
FSA WAN Optimization Expansion	\$ 5,300,000
Field Virtualization Monitoring	\$ 1,300,000
Enterprise Proxy Solution	\$ 1,700,000
End User Storage	\$10,850,000
Backup Solution	\$ 3,438,000
<b>Total FY 2014</b>	<b>\$29,038,000</b>

FY 2015

Contributions:

Farm Services Agency	\$13,050,000
Rural Development	\$ 4,350,000
Natural Resources Conservation Service	\$11,537,000

OCE Projects:

End User Devices - Continuation of Field Service Center Server replacement	\$ 1,000,000
Office Environment - Continued Voice over IP (VoIP) Phone System Installations	\$ 6,000,000
End User Devices - Mobility Infrastructure	\$ 1,000,000
End User Devices - Centralized Backup Expansion	\$ 5,937,000
End User Devices - End User Storage	\$ 8,000,000

Continued  
 Office Environment -Field Office \$ 7,000,000  
 Virtualization  
**Total FY 2015 \$28,937,000**

UNAUTHORIZED APPROPRIATIONS

Mr. Aderholt: Provide for the record a list of any unauthorized appropriations included in the fiscal year 2016 budget request. How many requests are there in the budget that exceeds the authorized amount for the program? Which programs?

Response: The information is provided for the record.

[The information follows:]

**Appropriations Not Authorized by Law and Expiring Authorizations**  
 (Dollars in Thousands)

Agency/Program	Last Year of Authorization	Authorization level	Appropriations in last year of authorization	2016 Appropriations request
<i>Programs not currently authorized by law or expiring on or before September 30, 2015.</i>				
<b><u>Agricultural Marketing Service:</u></b>				
The Mandatory Price Reporting Act of 2010.....	9/30/2015	Such sums	\$6,553	\$6,614
<b><u>Food and Nutrition Service:</u></b>				
WIC Farmers Market Nutrition Program.....	9/30/2015	Such sums	16,548	16,548
State Administrative Expenses.....	9/30/2015	Such sums	263,686	269,652
Summer Food Service Program.....	9/30/2015	Such sums	495,521	535,633
Access to Local Food- Farm to School Program.....	9/30/2015	Such sums	2,261	3,297
National School Lunch Act - Information Clearinghouse.....	9/30/2015	\$250	250	250
School Meals Program - Compliance and Accountability.....	9/30/2015	10,000	10,000	10,000
WIC - Infrastructure, Management Information Systems, Special Nutrition Education....	9/30/2015	139,000	69,000	69,000
Special Supplemental Nutrition Program for Women, Infants and Children.....	9/30/2015	Such sums	6,623,000	6,623,000
<b><u>Grain Inspection, Packers and Stockyards Administration:</u></b>				
Grain Standards and Warehouse Improvement Act of 2000.....	9/30/2015	Such sums	20,001	20,490
<b><u>Rural Housing Service:</u></b>				
Multi-Family Housing Revitalization Program.....	9/30/2015	32,575	32,575	36,000
<b><u>Rural Utilities Service:</u></b>				
Broadband Telecommunications Grants.....	9/30/2015	10,372	10,372	20,372

Note: List does not include expiring programs for which no funding is requested in the 2016 President's Budget.

## NUTRITION EDUCATION

Mr. Aderholt. Please provide a table listing the discretionary and mandatory resources spent for nutrition education by the Department for fiscal years 2010 through 2015 estimated as well as the requested amount for 2016. List each agency amount separately, and include a Department-wide total for each year.

Response. The information is provided for the record.

[The information follows:]

**USDA Nutrition Education  
Discretionary and Mandatory Funds  
Fiscal Years 2010 - 2016  
(Dollars in Thousands)**

Agency	2010		2011		2012		2013		2014		2015		2016	
	Actual		Actual		Actual		Actual		Actual		Estimate		Budget	
	DISC	MAND												
Agricultural Research Service.....	\$564	0	\$563	0	\$563	0	\$563	0	\$520	0	\$520	0	\$520	0
Food and Nutrition Service.....	698,471	\$334,206	735,614	\$396,468	652,336	\$443,751	674,669	\$338,332	696,261	\$443,045	698,600	\$444,004	698,600	\$444,004
National Institute of Food and Agriculture.	106,379	0	124,311	0	91,639	0	92,259	0	94,638	0	94,448	0	95,060	0
<b>Total, USDA Nutrition Education.....</b>	<b>805,414</b>	<b>334,206</b>	<b>860,488</b>	<b>396,468</b>	<b>744,538</b>	<b>443,751</b>	<b>767,491</b>	<b>338,332</b>	<b>791,419</b>	<b>443,045</b>	<b>793,568</b>	<b>444,004</b>	<b>794,180</b>	<b>444,004</b>

## FINANCIAL MANAGEMENT MODERNIZATION INITIATIVE

Mr. Aderholt: USDA began implementing the Financial Management Modernization Initiative (FMMI) in October 2009. Provide the Committee with the total amount spent on FMMI by year from its fiscal year 2010 to fiscal year 2013. In addition, please provide a cost estimate to transition the remaining agencies to FMMI by fiscal year starting in fiscal year 2012. Lastly, provide a breakout of operations and maintenance costs for FMMI from FY 2013 to FY 2015.

Response: Total spending on FMMI from fiscal year 2010 to fiscal year 2015 is as follows (amounts in thousands):

Fiscal Year	Operating Costs	Capital Investments
2010	\$61,791	\$29,931
2011	64,755	23,078
2012	63,303	29,950
2013	64,991	6,681
2014	62,608	5,950
2015 (est.)	61,684	9,500

The costs of transitioning remaining agencies to FMMI were \$7,470,000 in FY 2012 and \$3,340,000 in FY 2013. Transition was completed in FY 2013.

Operations and maintenance costs will drop by an estimated \$924,000 from FY 2014 (\$62,608,000) to FY 2015 (\$61,684,000). Please note that the FY 2015 amount is still an estimate, pending final results from FY 2015 activity.

FOOD AND AGRICULTURE DEFENSE

Mr. Aderholt: What types of activities is the Department engaged in to prevent or minimize the chances of an attack on the food supply? Please provide a detailed breakout of costs per Agency for food defense activities from FY 2009 to estimated FY 2015 and planned amounts in the FY 2016 President's Budget.

Response: The information is provided for the record.

[The information follows:]

UNITED STATES DEPARTMENT OF AGRICULTURE  
 FY 2016 Food Defense Initiative  
 (Dollars in Millions)

		2009	2010	2011	2012	2013	2014	2015	2016
	Agency	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	President's Budget
<b>Food Defense:</b>									
Surveillance and Monitoring.....	FSIS	\$3.215	\$3.215	\$3.215	\$0.753	\$0.753	\$0.840	\$0.840	\$0.840
Food Emergency Response Network (FERN).....	FSIS	7.254	11.350	7.254	3.900	3.900	3.900	3.900	3.900
Implement the Electronic Laboratory Exchange Network (eLEXNET) in Laboratories.....	FSIS	1.587	1.587	1.587	0.400	0.400	0.400	0.400	0.400
FSIS Enhanced Inspections (hired an additional 20 inspectors).....	FSIS	2.421	2.469	2.494	2.519	2.543	1.541	2.107	2.145
Physical Security.....	FSIS	0.248	0.248	0.248	0.060	0.048	0.004	0.050	0.050
Technical Assistance to States/Local.....	FSIS	2.198	2.198	2.198	1.961	1.961	1.354	1.996	2.032
Office of Food Security and Emergency Preparedness.....	FSIS	2.224	2.269	2.292	2.315	1.764	1.555	2.444	2.488
Select Agents and Toxins.....	APHIS	0.000	0.000	0.000	4.783	4.415	5.633	5.633	5.640
Animal Disease Traceability.....	APHIS	0.000	0.000	0.000	8.235	14.362	14.300	13.000	13.014
Plant Health Safeguarding/Pest Detection.....	APHIS	0.000	0.000	0.000	27.500	25.155	27.446	27.446	27.504
National Animal Health Laboratory Network.....	APHIS	0.000	0.000	0.000	6.742	6.223	6.704	6.704	6.714
Research.....	ARS	9.133	10.439	10.019	10.020	9.291	9.989	9.989	9.989
<b>Total, Food Defense.....</b>		<b>36.972</b>	<b>42.467</b>	<b>32.430</b>	<b>69.188</b>	<b>70.915</b>	<b>73.666</b>	<b>74,509</b>	<b>74,716</b>

HEADQUARTERS EMPLOYEES

Mr. Aderholt: For the record, provide a table, by agency/office, showing Washington, D.C. headquarters personnel broken out between GS and SES for FY 2011 to FY 2015.

Response: The information is submitted for the record.

[The information follows:]

Washington, DC  
Headquarters Employees  
By Agency

Agency	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Estimate
Farm Service Agency					
SES .....	8	11	13	12	10
GS .....	1,111	1,147	1,159	1,129	1,116
Risk Management Agency					
SES .....	4	4	3	3	4
GS .....	71	62	66	64	70
Foreign Agricultural Service					
SES .....	2	2	16	14	14
GS .....	580	496	406	403	403
Rural Development					
SES .....	18	20	15	14	14
GS .....	1,716	1,565	1,612	1,385	1,634
Food and Nutrition Service					
SES .....	8	9	9	7	7
GS .....	521	516	501	517	640
Food Safety and Inspection Service					
SES .....	18	18	20	20	18
GS .....	683	683	646	621	609
Natural Resources Conservation Service					
SES .....	20	20	18	20	22
GS .....	391	376	342	348	369
Animal and Plant Health Inspection Service					
SES .....	24	25	27	29	29
GS .....	1,239	1,153	1,078	1,107	1,147
Agricultural Marketing Service					
SES .....	11	11	9	11	11
GS .....	485	478	463	481	509
Grain Inspection, Packers and Stockyards Administration					
SES .....	2	2	3	3	3
GS .....	88	76	76	65	64
Agricultural Research Service					
SES .....	16	14	14	11	11
GS .....	484	476	513	508	555
National Institute of Food and Agriculture					
SES .....	8	8	8	10	11
GS .....	386	385	367	370	399
Economic Research Service					
SES .....	8	6	6	6	6
GS .....	365	368	342	334	358
Departmental Administration					
SES .....	6	7	6	6	6
GS .....	313	247	237	233	237

Homeland Security Staff					
SES .....	1	2	2	1	1
GS .....	48	53	55	72	72
National Appeals Division					
SES .....	1	1	1	1	1
GS .....	24	24	24	23	24
National Agricultural Statistics Service					
SES .....	10	10	10	10	11
GS .....	421	413	402	376	399
Office of Budget and Program Analysis					
SES .....	5	5	5	5	5
GS .....	40	42	42	40	47
Office of the General Counsel					
SES .....	11	11	13	13	14
GS .....	134	132	120	124	142
Office of the Ethics					
SES .....			1	1	1
GS .....			24	25	22
Office of the Inspector General					
SES .....	10	10	9	8	8
GS .....	119	99	89	83	83
Office of Civil Rights					
SES .....	2	2	2	2	2
GS .....	126	121	103	134	132
Office of Advocacy and Outreach					
SES .....	1	1	1	1	1
GS .....	40	27	25	25	26
Office of Communications					
SES .....	2	2	2	2	2
GS .....	63	57	51	53	51
Office of the Chief Economist					
SES .....	5	5	5	4	6
GS .....	44	43	43	44	47
Office of the Chief Financial Officer					
SES .....	2	2	2	2	3
GS .....	37	41	38	40	42
Office of the Chief Information Officer					
SES .....	6	6	7	7	7
GS .....	77	76	88	102	102
Office of the Secretary					
SES .....	42	39	40	38	40
GS .....	76	75	56	57	62
<hr/>					
Total, USDA					
SES .....	251	253	267	261	268
GS .....	9,682	9,231	8,968	8,763	9,361

## WCF AND GREENBOOK CHARGES

Mr. Aderholt: Please provide the Committee with a full breakdown of charges and expenses in the Department's Working Capital Fund and Greenbook charges by Agency for fiscal years 2009 through 2015.

Response: Revenue by agency for Working Capital Fund and Greenbook activities for fiscal years 2009 through 2015 are provided for the record.

[The information follows:]

Agency	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 (est)
Agricultural Marketing Service	8.6	10.3	10.7	11.1	11.8	12.9	12.2
Agricultural Research Service	13.3	13.5	14.9	13.5	13.5	13.5	13.7
Animal & Plant Health Insp. Svc	17.4	19.3	18.5	20.4	19.2	17.9	19.7
Departmental Administration	6.6	14.3	22.7	11.9	13.9	15.9	8.6
Economic Research Service	0.8	0.7	0.8	1.2	1.3	1.1	1.1
Farm Service Agency	146.5	167.6	122.2	136.9	170.0	150.7	159.1
Food and Nutrition Service	3.8	4.0	4.3	5.6	7.2	13.9	7.8
Food Safety & Insp. Svc.	18.8	20.8	19.7	17.8	18.4	20.0	21.4
Foreign Agricultural Service	7.2	10.1	9.4	22.4	14.1	11.7	7.9
Forest Service	95.0	88.1	95.2	97.3	99.2	95.8	73.1
Grain Insp., Packers & Stockyards Admin.	1.7	2.0	2.0	2.2	2.1	2.3	2.1
National Appeals Div.	0.6	0.6	0.7	0.8	0.7	.05	0.6
Natl. Agri. Statistical Service	3.5	3.4	3.7	3.7	3.3	3.1	3.8
Natl. Institute of Food & Agriculture	2.0	2.1	2.2	1.4	2.2	2.3	2.7
Natural Resources Conservation Svc.	118.9	124.2	117.8	127.4	145.2	137.6	154.1
Office of Budget & Prog. Analysis	0.2	0.2	0.2	0.3	0.4	0.4	0.3
Office of Advocacy & Outreach	-	-	0.4	0.5	0.6	0.5	0.7
Office of Chief Economist	0.4	0.3	0.3	0.3	0.4	0.4	0.5
Office of Chief Fin. Officer	37.4	34.0	42.5	42.9	44.0	36.4	25.6
Office of Chief Information Officer	35.0	18.3	65.5	49.4	56.8	62.0	38.2
Office of Civil Rights	1.5	1.2	1.6	0.9	1.3	1.3	0.8
Office of Communications	0.7	0.6	0.8	0.5	1.3	1.3	1.0
Office of Executive Secretariat	0.2	0.2	0.4	0.4	0.4	0.3	0.3
Office of General Council	0.9	0.8	0.8	0.7	0.7	1.0	0.9

Office of Homeland Security	-	-	-	4.6	2.5	2.6	1.1
Office of Inspector General	1.5	1.4	1.8	1.6	1.6	1.4	1.5
Office of the Secretary	0.9	1.0	1.2	0.7	1.2	1.4	1.0
Risk Management Agency	1.1	1.7	1.3	1.3	1.2	1.2	0.9
Rural Development	72.1	76.4	76.6	65.7	67.0	72.0	61.2
USDA Total	596.6	617.1	638.2	643.4	701.5	681.4	621.9

DEPARTMENTAL SHARED COST PROGRAMS - USDA AGENCY SHARES							
FY 2009 - 2015 (amounts in thousands)							
Agency	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Est.
Agricultural Marketing Service	\$1,047	\$886	\$882	\$903	\$865	\$858	\$929
Agricultural Research Service	3,868	3,128	2,349	2,505	2,194	2,114	2,231
Animal and Plant Health Insp. Service	3,764	2,686	2,641	2,677	2,379	2,331	2,303
Departmental Administration	173	150	190	210	216	164	165
Economic Research Service	171	114	159	158	159	146	150
Farm Service Agency	5,948	4,117	4,036	4,016	3,881	3,815	4,074
Food and Nutrition Service	749	390	510	513	459	443	442
Food Safety and Inspection Service	3,569	2,815	2,795	2,860	2,695	2,658	2,845
Foreign Agricultural Service	728	501	613	616	558	483	502
Forest Service	15,169	9,641	10,306	10,187	10,208	10,650	10,936
Grain Insp., Packers & Stockyard Adm.	296	204	270	280	210	196	203
National Agricultural Statistics Service	482	327	378	371	389	376	352
National Appeals Division	38	28	30	31	27	27	27
Natl. Institute of Food and Agriculture	219	133	184	170	183	161	173
Natural Resources Conservation Service	4,333	3,462	3,847	3,663	3,366	3,395	3,475
Office of Advocacy and Outreach	0	0	0	6	9	6	8
Office of Budget and Program Analysis	24	18	24	23	20	19	21
Office of Chief Economist	55	16	25	23	22	20	22
Office of Civil Rights	67	35	57	52	53	48	51
Office of Communications	34	28	41	39	37	31	38
Office of the General Counsel	125	92	106	104	106	96	101
Office of Homeland Security/Emer. Coord.	0	0	0	10	24	15	15

Office of the Inspector General	400	339	279	283	200	207	201
Office of the Chief Financial Officer	777	517	452	469	444	364	464
Office of the Chief Information Officer	1,546	337	318	322	431	327	381
Office of the Executive Secretariat	6	0	3	10	9	8	9
Office of the Secretary	31	13	12	12	53	50	47
Risk Management Agency	206	154	167	166	146	130	139
Rural Development	2,581	1,811	1,893	1,856	1,706	1,543	1,577
<b>DSCP Totals</b>	<b>46,406</b>	<b>31,942</b>	<b>32,567</b>	<b>32,533</b>	<b>31,049</b>	<b>30,681</b>	<b>31,881</b>

## PAY INCREASE

Mr. Aderholt: Please provide a breakout of which agencies absorb the proposed pay increase and which ones are asking for additional appropriations.

Response: All USDA agencies requested additional appropriations for the requested pay increase.

## AWARDS AND PROMOTIONS

Mr. Aderholt: Please provide for the record a summary of total bonus and award resources (total number of awards/bonuses and dollar amount) for every position type (i.e., SES, SL/ST, GS, etc.) in each appropriation account for USDA for fiscal years 2013 through 2015. Provide a separate breakout for excepted positions. Do not exclude any type of bonus or award payment (e.g., include all types of monetary payments, including incentives, individual and group awards, bonuses, performance awards, Presidential Rank Awards, etc.).

In addition to the summary level data, provide the Subcommittee with an electronic file (excel format) containing the data requested above on an individual basis without personally identifiable information. Lastly, for each appropriation account, provide the Subcommittee with the total number of promotions, within-grade increases or promotion equivalents under FSIS's Public Health Human Resources System (PHHRS) for fiscal years 2009 through 2015.

Response: The information is provided for the record.

[The information follows:]

**Bonuses and Awards Summary**  
(Dollars in Thousands)

Agency/Appropriation Account	FY	SES		Other		Excepted Positions		Total	
		Number of Awards	Amount Awarded	Number of Awards	Amount Awarded	Number of Awards	Amount Awarded	Number of Awards	Amount Awarded
<b>Farm Services Agency - Federal</b>									
Salaries & Expenses	2013	6	\$57.5	10	\$13.6	0	\$0.0	16	\$71.1
Salaries & Expenses	2014	6	\$34.9	4	\$7.3	0	\$0.0	10	\$62.3
Salaries & Expenses	2015	5	\$49.2	1,407	\$2,130.0	0	\$0.0	1,412	\$2,179.2
<b>Farm Services Agency - County</b>									
Salaries & Expenses	2013	0	\$0.0	0	\$0.0	0	\$0.0	0	\$0.0
Salaries & Expenses	2014	0	\$0.0	0	\$0.0	0	\$0.0	0	\$0.0
Salaries & Expenses	2015	0	\$0.0	1,829	\$1,898.0	0	\$0.0	1,829	\$1,898.0
<b>Foreign Agricultural Service</b>									
Salaries & Expenses	2013	2	\$18.7	683	\$686.4	0	\$0.0	685	\$705
Salaries & Expenses	2014	2	\$23.4	707	\$799.1	0	\$0.0	709	\$823
Salaries & Expenses	2015	2	\$25.0	731	\$800.0	0	\$0.0	733	\$825
<b>Risk Management Agency</b>									
Salaries & Expenses	2013	3	\$28.2	2	\$5.0	0	\$0.0	5	\$33.2
Salaries & Expenses	2014	4	\$33.0	383	\$501.0	0	\$0.0	387	\$534.0
Salaries & Expenses	2015	5	\$30.0	383	\$504.0	0	\$0.0	388	\$534.0
<b>Agricultural Research Service</b>									
Salaries & Expenses	2013	33	\$273.7	4,579	\$4,833.8	19	\$40.9	4,631	\$5,148.4
Salaries & Expenses	2014	32	\$284.2	4,846	\$4,947.3	19	\$52.3	4,897	\$5,283.8
Salaries & Expenses	2015	0	\$0.0	0	\$0.0	0	\$0.0	0	\$0.0
<b>National Institute of Food and Agriculture</b>									
All Discretionary Accounts	2013	7	\$64.1	204	\$259.6	3	\$3.6	214	\$327.3
All Discretionary Accounts	2014	9	\$62.1	412	\$325.5	13	\$50.3	434	\$437.9
All Discretionary Accounts	2015	a/	a/	a/	a/	a/	a/	500	\$572.6
<b>National Agricultural Statistics Service</b>									
Salaries & Expenses	2013	10	\$83.8	974	\$644.4	0	\$0.0	984	\$728.1
Salaries & Expenses	2014	9	\$83.0	1,252	\$742.4	0	\$0.0	1,261	\$825.4
Salaries & Expenses	2015	9	\$83.0	1,252	\$742.4	0	\$0.0	1,261	\$825.4
<b>Economic Research Service</b>									
Salaries & Expenses	2013	1	\$9.0	216	\$287.5	4	\$2.5	221	\$329.0
Salaries & Expenses	2014	5	\$45.3	503	\$440.3	7	\$4.8	515	\$490.5
Salaries & Expenses	2015	4	\$40.3	192	\$267.7	4	\$4.5	200	\$312.5
<b>Agricultural Marketing Service</b>									
Mktg Svc, Sec 32, User Fee, FACA, Teus	2013	11	\$102.4	344	\$250.3	128	\$49.0	483	\$401.7
Mktg Svc, Sec 32, User Fee, FACA, Teus	2014	10	\$84.7	1,170	\$1,230.0	161	\$54.0	1,341	\$1,369.7
Mktg Svc, Sec 32, User Fee, FACA, Teus	2015	7	\$74.9	700	\$786.0	25	\$14.0	732	\$874.9
<b>Grain Inspection, Packers and Stockyards Administration</b>									
Salaries & Expenses	2013	3	\$25.3	0	\$0.0	0	\$0.0	3	\$25.3
Salaries & Expenses	2014	2	\$15.1	156	\$84.3	0	\$0.0	158	\$99.7
Salaries & Expenses	2015	0	\$0.0	293	\$255.6	0	\$0.0	293	\$255.6
<b>Animal and Plant Health Inspection Service</b>									
Salaries & Expenses	2013	35	\$325.3	2,799	\$2,702.8	0	\$0.0	2,834	\$3,028.1
Salaries & Expenses	2014	38	\$346.6	6,028	\$5,102.7	0	\$0.0	6,066	\$5,449.3
Salaries & Expenses	2015	38	\$350.0	6,085	\$5,776.9	0	\$0.0	6,123	\$6,126.9
<b>Food Safety and Inspection Service</b>									
Salaries & Expenses	2013	0	\$0.0	3,789	\$4,249.8	196	\$226.8	3,985	\$4,476.6
Salaries & Expenses	2014	15	\$134.2	5,484	\$6,900.1	28	\$14.2	5,487	\$5,968.6
Salaries & Expenses	2015	1	\$650.0	2,170	\$3,615.1	23	\$23.6	2,194	\$4,288.7
<b>Rural Development</b>									
Salaries & Expenses	2013	0	\$0.0	2,843	\$2,065.7	53	\$17.0	2,896	\$2,082.47
Salaries & Expenses	2014	9	\$83.2	3,273	\$3,305.3	0	\$0.0	3,280	\$3,388.52
Salaries & Expenses	2015	9	\$72.7	3,271	\$2,890.8	0	\$0.0	3,280	\$2,963.48
<b>Food and Nutrition Service</b>									
Salaries & Expenses	2013	12	\$106.2	1,481	\$1,501.9	0	\$0.0	1,493	\$1,608.1
Salaries & Expenses	2014	9	\$86.2	1,443	\$1,502.9	0	\$0.0	1,452	\$1,589.1
Salaries & Expenses	2015	10	\$107.5	1,079	\$1,116.8	0	\$0.0	1,089	\$1,224.3
<b>Natural Resources Conservation Service</b>									
12-1000, 12-1004, 12-1010, 12-1002, 12-1072, 12-1073, 12-1090	2013	15	\$117.8	6,480	\$5,938.3	0	\$0.0	6,495	\$6,056.1
12-1000, 12-1002, 12-1004, 12-1072	2014	13	\$99.1	4,875	\$4,115.8	0	\$0.0	4,888	\$4,215.0
12-1000, 12-1002, 12-1004, 12-1072	2015	13	\$89.1	4,875	\$4,115.8	0	\$0.0	4,888	\$4,215.0

Agency/Appropriation Account	FY	SES		Other		Excepted Positions		Total	
		Number of Awards	Amount Awarded	Number of Awards	Amount Awarded	Number of Awards	Amount Awarded	Number of Awards	Amount Awarded
Departmental Administration	2013	6	\$44.0	180	\$316.0	0	\$0.0	186	\$360.0
Departmental Administration	2014	4	\$36.0	125	\$202.0	0	\$0.0	129	\$238.0
Departmental Administration	2015	5	\$50.0	91	\$191.0	0	\$0.0	96	\$201.0
Office of Communications	2013	1	\$10.0	2	\$2.0	0	\$0.0	3	\$12.0
Office of Communications	2014	1	\$10.0	3	\$2.0	0	\$0.0	4	\$12.0
Office of Communications	2015	1	\$9.0	1	\$1.0	0	\$0.0	2	\$10.0
National Appeals Division	2013	0	\$0.0	66	\$46.0	0	\$0.0	66	\$66.0
National Appeals Division	2014	3	\$2.0	74	\$71.0	0	\$0.0	79	\$73.0
National Appeals Division	2015	0	\$0.0	73	\$93.0	0	\$0.0	73	\$93.0
Office of Advocacy and Outreach	2013	1	\$9.0	36	\$33.0	0	\$0.0	27	\$42.0
Office of Advocacy and Outreach	2014	1	\$9.0	0	\$0.0	0	\$0.0	1	\$9.0
Office of Advocacy and Outreach	2015	1	\$9.0	25	\$33.0	0	\$0.0	26	\$42.0
Office of Civil Rights	2013	1	\$10.0	68	\$82.0	0	\$0.0	69	\$92.0
Office of Civil Rights	2014	2	\$11.0	73	\$79.0	0	\$0.0	75	\$90.0
Office of Civil Rights	2015	1	\$8.0	58	\$99.0	0	\$0.0	59	\$67.0
Office of the Chief Economist	2013	4	\$40.0	0	\$0.0	0	\$0.0	4	\$40.0
Office of the Chief Economist	2014	5	\$53.0	42	\$90.0	0	\$0.0	47	\$143.0
Office of the Chief Economist	2015	5	\$53.0	42	\$90.0	0	\$0.0	47	\$143.0
Homeland Security and Emergency Coordinati-	2013	3	\$40.0	0	\$0.0	0	\$0.0	3	\$40.0
Homeland Security and Emergency Coordi	2014	1	\$9.0	51	\$53.0	0	\$0.0	52	\$62.0
Homeland Security and Emergency Coordi	2015	0	\$0.0	51	\$52.0	0	\$0.0	51	\$52.0
Office of the Secretary	2013	4	\$50.0	0	\$0.0	0	\$0.0	4	\$50.0
Office of the Secretary	2014	6	\$39.0	37	\$80.0	0	\$0.0	43	\$119.0
Office of the Secretary	2015	2	\$30.0	8	\$12.0	0	\$0.0	10	\$42.0
Office of the Chief Information Officer	2013	8	\$100.0	7	\$12.0	0	\$0.0	15	\$112.0
Office of the Chief Information Officer	2014	2	\$23.0	89	\$137.0	0	\$0.0	91	\$160.0
Office of the Chief Information Officer	2015	2	\$23.0	89	\$137.0	0	\$0.0	91	\$160.0
Office of the Chief Financial Officer	2013	4	\$38.0	2	\$2.0	0	\$0.0	6	\$40.0
Office of the Chief Financial Officer	2014	1	\$15.0	19	\$26.0	0	\$0.0	20	\$41.0
Office of the Chief Financial Officer	2015	1	\$15.0	19	\$26.0	0	\$0.0	20	\$41.0
Office of Budget and Program Analysis	2013	4	\$80.0	0	\$0.0	0	\$0.0	4	\$80.0
Office of Budget and Program Analysis	2014	0	\$0.0	21	\$33.0	0	\$0.0	21	\$33.0
Office of Budget and Program Analysis	2015	4	\$43.0	22	\$43.0	0	\$0.0	26	\$86.0
Office of the General Counsel	2013	16	\$145.0	225	\$299.2	0	\$0.0	241	\$444.2
Salaries & Expenses	2014	15	\$161.0	299	\$357.6	0	\$0.0	314	\$518.6
Salaries & Expenses	2015	15	\$161.0	295	\$352.7	0	\$0.0	310	\$513.7
Office of Inspector General	2013	1	\$7.9	19	\$9.3	0	\$0.0	20	\$17.2
Salaries & Expenses	2014	8	\$68.1	386	\$466.0	0	\$0.0	394	\$534.1
Salaries & Expenses	2015	7	\$71.7	390	\$438.8	0	\$0.0	397	\$510.5
<b>USDA, Total</b>	2013	157	\$1,503.3	20,412	\$19,139.1	0	\$0.0	20,569	\$20,642.4
	2014	167	\$1,503.1	26,327	\$24,131.4	0	\$0.0	26,494	\$25,634.5
	2015	143	\$2,014.1	25,239	\$26,981.9	0	\$0.0	25,382	\$28,996.0

a/ Award decisions have not been finalized for FY 2015; therefore estimated totals are provided.

## Total Number of Promotions and Within-Grade Increases

Agency	Fiscal Years						
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Farm Service Agency - FEDERAL:</b>							
Promotions.....	452	484	530	539	335	262	149
Within-Grade Increases.....	1,962	1,956	1,871	1,728	1,647	1,562	1,472
<b>Farm Service Agency - COUNTY:</b>							
Promotions.....	1,083	1,146	1,078	1,016	756	634	360
Within-Grade Increases.....	0	3,535	3,563	3,238	2,877	2,623	2,421
<b>Foreign Agricultural Service:</b>							
Promotions.....	51	63	53	45	27	24	30
Within-Grade Increases.....	261	359	368	293	160	157	160
<b>Risk Management Agency:</b>							
Promotions.....	74	69	80	68	48	53	33
Within-Grade Increases.....	186	208	221	218	208	166	137
<b>Natural Resources Conservation Service:</b>							
Promotions.....	1,194	1,463	1,456	1,091	997	1,070	1,070
Within-Grade Increases.....	4,401	4,485	4,903	5,216	5,144	4,325	4,325
<b>Rural Development:</b>							
Promotions.....	577	631	594	359	245	477	350
Within-Grade Increases.....	2,202	2,608	2,357	2,233	2,041	1,757	1,899
<b>Food and Nutrition Service:</b>							
Promotions.....	58	100	109	116	205	387	143
Within-Grade Increases.....	540	519	602	598	564	596	299
<b>Food Safety and Inspection Service:</b>							
Promotions.....	1,203	969	949	902	723	490	394
Within-Grade Increases.....	3,942	2,866	2,749	2,662	2,787	2,393	1,323
Promo-Equivalents Under PNHRS.....	23	44	12	6	6	0	0
<b>Animal and Plant Health Inspection Service:</b>							
Promotions.....	776	746	662	443	318	372	422
Within-Grade Increases.....	3,356	3,443	3,395	3,070	3,012	2,656	2,442
<b>Agricultural Marketing Service:</b>							
Promotions.....	254	237	242	225	179	149	184
Within-Grade Increases.....	906	1032	916	957	842	850	804
<b>Grain Inspection, Packers and Stockyards Administration:</b>							
Promotions.....	124	126	119	109	68	58	48
Within-Grade Increases.....	256	303	351	337	330	266	161
<b>Agricultural Research Service:</b>							
Promotions.....	648	622	568	517	456	431	47
Within-Grade Increases.....	2,889	2,814	3,490	3,298	2,945	2,108	47
<b>National Institute of Food and Agriculture:</b>							
Promotions.....	30	34	64	61	52	36	17
Within-Grade Increases.....	147	171	171	142	196	107	77
<b>Economic Research Service:</b>							
Promotions.....	23	22	29	36	22	17	5
Within-Grade Increases.....	125	125	110	117	91	84	57
<b>National Agricultural Statistics Service:</b>							
Promotions.....	140	107	130	146	179	150	150
Within-Grade Increases.....	479	478	452	442	583	424	424
<b>Office of the Secretary:</b>							
Promotions.....	9	16	16	16	20	12	8
Within-Grade Increases.....	6	26	36	30	36	35	32
<b>Departmental Administration:</b>							
Promotions.....	21	77	59	65	32	29	30
Within-Grade Increases.....	113	108	135	177	163	98	100
<b>Office of Communications:</b>							
Promotions.....	0	1	5	2	1	2	4
Within-Grade Increases.....	8	18	23	30	17	29	23
<b>Office of Civil Rights:</b>							
Promotions.....	5	14	35	20	8	10	5
Within-Grade Increases.....	10	17	49	57	31	16	45
<b>Office of Budget &amp; Program Analysis:</b>							
Promotions.....	5	6	9	7	7	3	9
Within-Grade Increases.....	14	10	18	16	16	27	21
<b>Office of the Chief Economist:</b>							
Promotions.....	3	2	2	2	5	6	3
Within-Grade Increases.....	14	18	14	18	12	15	17
<b>National Appeals Division:</b>							
Promotions.....	1	2	2	3	1	1	0
Within-Grade Increases.....	4	14	25	35	41	24	40

Agency	Fiscal Years						
<b>Office of the Chief Financial Officer:</b>							
Promotions.....	3	4	4	3	4	5	2
Within-Grade Increases.....	12	15	4	5	13	7	5
<b>Office of the Chief Information Officer:</b>							
Promotions.....	8	7	20	10	11	13	4
Within-Grade Increases.....	23	18	22	28	40	54	24
<b>Office of Homeland Security:</b>							
Promotions.....	1	0	2	2	7	12	2
Within-Grade Increases.....	0	3	2	22	32	34	10
<b>Office of Advocacy and Outreach:</b>							
Promotions.....	0	0	1	14	2	1	0
Within-Grade Increases.....	0	0	13	23	21	11	18
<b>Office of the General Counsel:</b>							
Promotions.....	33	27	25	10	12	20	22
Within-Grade Increases.....	111	119	109	127	91	76	71
<b>Office of Ethics:</b>							
Promotions.....	0	0	0	0	3	4	3
Within-Grade Increases.....	0	0	0	0	9	6	4
<b>Office of Inspector General:</b>							
Promotions.....	62	102	106	118	52	40	26
Within-Grade Increases.....	277	252	293	284	276	239	117
<b>USDA:</b>							
Promotions.....	6,805	7,050	6,931	5,935	4,760	4,724	3,384
Within-Grade Increases.....	22,133	25,401	26,153	25,275	24,123	20,653	16,453
Promo-Equivalents Under PHRRS.....	23	44	12	5	0	0	0
<b>Total</b> .....	<b>28,961</b>	<b>32,496</b>	<b>33,096</b>	<b>31,216</b>	<b>28,989</b>	<b>25,377</b>	<b>19,837</b>

## FOOD SAFETY

Mr. Aderholt: How many meat and poultry slaughter and processing inspectors were funded in FY 2014 and FY 2015? How many will be funded under the President's budget request? Please specify figures by number of inspectors and FTE, including a breakout by permanent and non-permanent positions.

Response: FSIS inspection program personnel provide inspection at more than 6,400 meat, poultry, and egg processing establishments around the country. FSIS funded 7,311 permanent meat and poultry inspectors (7,227 permanent FTEs) and 420 other than permanent (OTP) FTEs in FY 2014, and approximately 7,432 permanent positions (about 7,384 permanent FTEs) and 400 OTP FTEs in FY 2015. FSIS anticipates funding approximately 7,468 permanent positions (about 7,300 permanent FTEs) and approximately 400 OTP FTEs in FY 2016 based on Poultry Slaughter Rule implementation.

Mr. Aderholt: Please provide the number of frontline and non-frontline FTE in FY 2014 and estimated for FY 2015.

Response: The information is provided for the record.

[The information follows:]

	Frontline FTEs	Non Frontline FTEs
FY 2014	7,598	1,019
FY 2015	7,898	1,020

Mr. Aderholt: What is the retention rate for the meat and poultry inspection workforce and how does it compare to historic trends? What is USDA doing to ensure that there is a qualified inspection workforce for the future?

Response: The retention rate of in-plant inspection personnel in 2014 was 79 percent. This compares to retention rates of 80 percent per year during the past decade. Attrition rates are monitored so that trends can be incorporated into recruitment plans. USDA is taking the following measures to ensure that there is a qualified inspection workforce for the future:

- Offering relocation incentives to new hires in hard-to-fill or shortage locations.
- Offering recruitment incentives to qualified personnel.
- Using Superior Qualifications, GS positions, to set the rate of basic pay above the minimum level.
- Offering performance awards for front-line inspectors.
- Offering a retention incentive for select employees who would be likely to leave Federal service in lieu of the incentive.
- Offering dual waiver compensation for reemployed annuitants.
- Targeting more colleges and diverse groups for potential qualified employees.

Mr. Aderholt: Please provide the Committee with the total costs for the Public Health Information System in each year from FY 2009 to FY 2015 and estimated for FY 2016.

Response: The table below shows full cost associated with PHIS since FY 2007.

[The information follows:]

Fiscal Year	Amount (Dollars in Millions)
FY 2007 - FY 2011*	\$ 45.2
FY 2012	\$ 7.4
FY 2013	\$ 7.6
FY 2014	\$ 8.3
FY 2015 est.	\$ 8.0
FY 2016 est.	\$ 8.2
Grand Total	\$ 84.7

\* FY2007-2011 expenditures were summed during re-baselining.

#### CCC FUNDED EMERGENCY TRANSFERS

Mr. Aderholt: Please provide for the Committee a complete list of all fiscal years 2009 through 2015 transfers from the CCC for the arrest and eradication of plant and animal pests and diseases, and those that have been requested, but not yet approved. For all transfers, note the amounts spent to date.

Response: The information is provided for the record.

[The information follows:]

## COMMODITY CREDIT CORPORATION FUNDING

FY 2009-FY 2015

(Dollars in Thousands)

Program	FY 2009 CCC Transfers/ Redirections	FY 2009 Obligations	FY 2010 CCC Transfers/ Redirections	FY 2010 Obligations/ Redirections	FY 2011 CCC Transfers/ Redirections	FY 2011 Obligations
Asian Longhorned Beetle	\$24,533	\$23,967	\$41,451	\$24,809	0	\$18,356
Avian Influenza	0	402	0	0	0	0
Bovine Tuberculosis	0	8,215	0	2,462	0	1,760
Cattle Fever Tick	4,894	4,768	0	751	0	56
Citrus Canker	0	29	0	0	0	0
Emerald Ash Borer	0	3,313	0	0	0	122
European Grapevine Moth	0	0	0	0	\$16,922	14,327
Exotic New Castle Disease	0	25	0	0	0	0
Fruit Fly	0	331	0	243	0	0
Glassy Winged Sharpshooter	0	252	0	0	0	0
Grasshopper	0	0	10,735	4,207	0	322

Program	FY 2009 CCC Transfers/ Redirections	FY 2009 Obligations	FY 2010 CCC Transfers/ Redirections	FY 2010 Obligations/ Redirections	FY 2011 CCC Transfers/ Redirections	FY 2011 Obligations
Infectious Salmon Anemia	0	30	0	0	0	0
Light Brown Apple Moth	0	26,210	0	22,068	0	5,702
Mormon Cricket	0	1,641	0	0	0	78
National Animal ID	0	783	0	0	0	0
Potato Cyst Nematode	0	2,080	0	138	0	232
Redirection from existing CCC balances	0	0	-16,070	0	-6,000	0
TOTAL	\$29,427	\$72,046	\$36,116	\$54,678	\$10,922	\$40,955

Program	FY 2012 CCC Transfers/ Redirections	FY 2012 Obligations	FY 2013 CCC Transfers/ Redirections	FY 2013 Obligations	FY 2014 CCC Transfers/ Redirections	FY 2014 Obligations/ Obligations/
Asian Longhorned Beetle	\$14,294	\$10,385	0	\$4,283	0	\$922
Bovine Tuberculosis	0	1,606	0	352	0	17
Cattle Fever Tick	0	34	0	0	0	31
European Grapevine Moth	8,000	10,364	0	530	0	2,080
Grasshopper	0	246	0	48	0	86
Light Brown Apple Moth	0	1,922	0	0	0	0
Mormon Cricket	0	3	0	0	0	0
Swine Enteric Coronavirus Disease	0	0	0	0	\$26,170	9,811
Redirection from existing CCC balances	-1,000	0	0	0	-5,273	0
TOTAL	\$21,294	\$24,560	\$0	\$5,213	\$20,897	\$12,947

Program	FY 2015 CCC Transfers/ Redirections	FY 2015 Obligations	Total Obligations 2009 - 2015
Asian Longhorned Beetle	0	0	\$82,722
Avian Influenza	0	0	402
Bovine Tuberculosis	0	\$875	15,287
Cattle Fever Tick	0	18	5,658
Citrus Canker	0	0	29
Emerald Ash Borer	0	0	3,435
European Grapevine Moth	0	0	27,301
Exotic New Castle Disease	0	0	25
Fruit Fly	0	0	574
Glassy Winged Sharpshooter	0	0	252
Grasshopper	0	0	4,909
Infectious Salmon Anemia	0	0	30
Light Brown Apple Moth	0	0	55,902
Mormon Cricket	0	0	1,722
National Animal ID	0	0	783
Potato Cyst Nematode	0	0	2,450
Swine Enteric Coronavirus Disease	0	3,508	13,319
TOTAL	\$0	\$4,401	\$214,800

\* Note: Balances were available from CCC transfers in prior years.

## OFFICE OF THE GENERAL COUNSEL

Mr. Aderholt: Please describe the litigation at USDA for fiscal years 2013 through 2015. Include a summary of the cases, estimated costs and number of staff assigned to each case.

Response: Overall, our records reflect that OGC handled over 20,000 matters between 2013-2015, including over 557 cases we consider significant because of the associated monetary value or potential to impact USDA's program operations. We do not currently have the ability to provide estimates of our litigation costs. For the vast majority of cases, one attorney has primary responsibility for the individual case. However, more than one attorney may be assigned to complex cases, such as class action litigation. All attorneys manage significant litigation and/or counseling workloads.

Mr. Aderholt: Please provide a full status of civil rights cases by USDA agency for fiscal years 2011 to 2015. Provide the number of cases filed, the aggregate data showing the resolution of cases to include the number of cases won by the plaintiff and the number of cases settled by USDA or the federal government, and the amount of funds paid by the U.S. government to settle the cases. Also, please provide the latest data on unsettled cases filed against USDA, its respective agencies or individuals in their official capacity.

Response: The information is submitted for the record.

[The information follows:]

Case Name or Description	Forum	Client Agency	Damages Awarded/Settlement
Adams, Stephen, et al.	U.S. Court of Federal Claims	Forest Service (and U.S. Government-wide)	\$ 266,000 for 6 Plaintiffs (S)
Alguard, Wendy	Washington-E.D.	Agricultural Marketing Service	No/Pending
Allen, Iris, et al.	U.S. Court of Federal Claims	Forest Service (and U.S. Government-wide)	\$ 88,000 for 61 plaintiffs; \$187,000 in attorneys' fees (S)
Banks, Denise	District of Columbia	Departmental Management (OASCR)	\$100,000 (pending additional motions by Government to vacate award)
Bradshaw, Rodney	District of Columbia	Farm Service Agency	No/Pending
Cantu, David et al.	District of Columbia	Farm Service Agency	No/Remanded

Chase, Rhonda	District of Columbia	Food Safety and Inspection Service	\$12,000 (\$)
Chiang, Gail Watson	Virgin Islands	Rural Development Under Secretary	No/Pending
Coates, Alvin	Maryland	Agricultural Research Service	No/Pending
Davis, Dexter	U.S. Court of Federal Claims	Farm Service Agency	No/Pending
Davis, Dexter	W.D. La.	Farm Service Agency	No/Pending
Deron School	New Jersey	Food and Nutrition Service	No/Dismissed
Evans, Greta	W.D. North Carolina	Forest Service	No/Pending
Fields, Sederis	District of Columbia	Food Safety and Inspection Service	No/Pending
Guerrero, Sinceri	District of Columbia	Food Safety and Inspection Service	No/Pending
Hildebrandt, George and Patricia	District of Columbia	Farm Service Agency	No/Pending
In re Black Farmer Discrim. Litigation (Pigford II)	District of Columbia	Farm Service Agency	\$1.15 billion(\$)
Jones, Annette	U.S. Court of Federal Claims	National Finance Center	No/Pending
Jones, Michael R.	9th Cir. COA	Forest Service	No/Pending
Keepseagle, Marilyn , et al.	District of Columbia	Farm Service Agency	\$680 million (\$)
Lindsay, Liliana	N.D. Florida	Forest Service	No/Pending
Martin, George, et al.	District of Columbia	USDA-wide (all agencies)	No/Pending
McDaniel, Marcus	District of Columbia	Natural Resources Conservation Service	No/Pending
Nolan, Patrick	California - C.D.	Forest Service	No/Pending
Norman, Veretta	District of Columbia	Food and Nutrition Service	No/Pending

Opliger, Kathleen	C.D. California	Forest Service	No/Dismissed
Phillips, Deneen	C.D. California	Forest Service	No/Dismissed
Puckett, Paula	W.D. Okla.	Forest Service	No/Pending
Reid, Nigel	E.D. Tenn.	Food Safety and Inspection Service	No/Pending
Slaughter, Eddie	U.S. Court of Federal Claims	Farm Service Agency	No/Pending
Solomon, Linda	District of Columbia	Rural Development Under Secretary	No/Pending
Stewart, Rebecca	Washington-E.D.	Natural Resources Conservation Service	No/Pending
Sutton, Orlando	District of Columbia	Forest Service	No/Pending
Toney-Dick, et. al. v. Doar	New York - SD	Food and Nutrition Service	No/Dismissed
Tungjunyatham, Tipaksorn	Ninth Circuit	Forest Service	No/Pending
Ujhelyi, Livia	Ninth Circuit	Food Safety and Inspection Service	No/Pending
Villalobos, Michael	Ninth Circuit	Forest Service	No/Pending
Wise, Eddie	U.S. Court of Federal Claims	Farm Service Agency	No/Pending
Wise, Eddie	4th Cir. Court of Appeals	Farm Service Agency	No/Dismissed
Wise, Eddie	W.D. North Carolina	Farm Service Agency	No/Pending

FY 2010

USDA Agency	Cases Filed	Accepted	Procedurally Dismissed	Withdrawn	Settled	Aggregate Settlement/Closure[1] Amount	Finding (Agency)[2]	No Finding (Agency)	Finding (EEOC)[3]	No Finding (EEOC)
AMS	12	17	4	0	6	\$35,500.00	1	3	0	1
APHIS	45	37	13	1	21	\$734,000.00	0	12	0	8
ARS	25	24	2	1	12	\$296,900.00	0	4	0	1
CNPP	0	0	0	0	0	\$0.00	0	0	0	0
CSD	13	9	1	0	11	\$397,071.95	0	2	0	1
ERS	3	3	0	0	0	\$0.00	0	0	0	0
FAS	3	3	1	2	3	\$158,000.00	0	1	0	1
FNS	11	12	1	0	4	\$114,533.44	0	2	0	0
FS	122	103	10	5	46	\$1,285,249.51	8	22	3	17
FSA	50	47	4	4	10	\$304,702.46	2	7	0	3
FSIS	71	87	7	12	36	\$474,913.96	1	19	1	5
GIPSA	9	11	0	1	2	\$9,565.00	0	2	0	2
NAD	1	0	0	0	0	\$0.00	0	0	0	0
NAL	0	0	0	0	0	\$0.00	0	0	0	0
NASS	1	2	0	0	3	\$10,675.00	0	0	0	0
NIFA	0	0	0	0	0	\$0.00	0	0	0	0
NRCS	27	25	5	1	14	\$559,273.75	1	17	0	6
OCFO	28	25	6	1	14	\$382,179.82	0	3	0	7
OIG	8	8	0	1	4	\$16,924.08	0	0	0	1
RD	46	51	4	5	18	\$468,674.50	3	19	0	13
RMA	3	3	0	1	4	\$22,561.28	0	1	0	0
Total	478	467	58	35	208	\$5,270,724.75	16	114	4	66

FY 2011

USDA Agency	Cases Filed	Accepted	Procedurally Dismissed	Withdrawn	Settled	Aggregate Settlement/Closure[1] Amount	Finding (Agency)[2]	No Finding (Agency)	Finding (EEOC)[3]	No Finding (EEOC)
AMS	18	14	2	1	6	\$164,103.00	0	3	0	3
APHIS	49	48	8	1	10	\$161,357.75	1	13	1	10
ARS	18	23	2	3	8	\$331,500.00	2	8	0	1
CNPP	0	0	0	0	0	\$0.00	0	0	0	0
CSD	29	29	0	0	5	\$31,541.00	0	1	0	0
ERS	1	1	0	0	1	\$9,800.00	0	0	0	0
FAS	7	3	3	0	1	\$4,000.00	0	0	0	0
FNS	7	8	0	1	7	\$14,870.16	0	1	0	0
FS	149	137	22	3	34	\$870,136.41	10	33	1	17
FSA	38	39	8	3	15	\$500,580.74	3	16	1	2
FSIS	81	66	10	8	18	\$951,979.99	4	20	0	6
GIPSA	11	7	1	1	2	\$0.00	0	3	0	2
NAD	0	1	0	0	0	\$0.00	0	0	0	0
NAL	0	0	0	0	0	\$0.00	0	0	0	0
NASS	2	0	0	0	1	\$18,285.00	0	0	0	0
NIFA	3	1	0	0	1	\$49,000.00	0	0	0	0
NRCS	29	28	1	2	5	\$75,408.00	1	16	0	1
OCFO	34	28	5	3	9	\$640,000.00	0	0	0	4
OIG	2	2	1	0	2	\$182,920.00	0	0	0	0
RD	47	43	5	5	13	\$242,877.30	6	11	0	7
RMA	9	7	2	0	0	\$0.00	0	3	0	0
<b>Total</b>	<b>534</b>	<b>485</b>	<b>70</b>	<b>31</b>	<b>138</b>	<b>\$4,248,359.35</b>	<b>27</b>	<b>128</b>	<b>3</b>	<b>53</b>

FY 2012

USDA Agency	Cases Filed	Accepted	Procedurally Dismissed	Withdrawn	Settled	Aggregate Settlement/Closure[1] Amount	Finding (Agency)[2]	No Finding (Agency)	Finding (EEOC)[3]	No Finding (EEOC)
AMS	21	19	1	1	11	\$624,494.00	0	6	0	0
APHIS	49	41	7	1	15	\$101,375.00	1	16	0	3
ARS	30	24	3	3	7	\$317,753.90	1	8	0	5
CNPP	0	0	0	0	0	\$0.00	0	0	0	0
CSD	35	31	0	2	7	\$753,975.17	1	6	0	3
ERS	1	1	0	1	0	\$0.00	0	0	0	0
FAS	10	7	2	0	1	\$2,500.00	1	0	0	1
FNS	10	10	0	2	0	\$0.00	0	3	0	4
FS	172	162	18	6	45	\$1,678,200.00	6	41	0	9
FSA	29	29	0	0	10	\$181,000.00	1	14	1	12
FSIS	69	70	7	5	29	\$626,241.17	1	20	1	9
GIPSA	9	10	0	1	2	\$10,000.00	1	2	0	2
NAD	0	0	0	0	1	\$24,000.00	0	0	0	0
NAL	0	0	0	0	0	\$0.00	0	0	0	0
NASS	1	3	0	0	1	\$0.00	0	0	0	0
NIFA	1	1	1	0	1	\$25,000.00	0	0	0	0
NRCS	41	35	3	0	11	\$156,660.00	2	7	0	4
OCFO	23	32	0	3	5	\$2,200.00	0	11	0	1
OIG	8	7	0	0	0	\$0.00	0	1	0	0
RD	36	37	5	3	12	\$317,274.82	1	19	0	4
RMA	5	5	0	1	3	\$98,000.00	1	3	0	0
Total	550	524	47	29	161	\$4,918,647.06	17	157	2	57

FY 2013

USDA Agency	Cases Filed	Accepted	Procedurally Dismissed	Withdrawn	Settled	Aggregate Settlement/Closure[1] Amount	Finding (Agency)[2]	No Finding (Agency)	Finding (EEOC)[3]	No Finding (EEOC)
AMS	13	12	2	0	2	\$27,500.00	2	5	0	3
APHIS	43	34	7	1	16	\$163,000.00	0	16	0	9
ARS	23	20	2	2	4	\$17,000.00	0	10	0	4
CNPP	0	0	0	0	0	\$0.00	0	0	0	0
CSD	46	36	6	2	13	\$331,316.00	0	5	0	2
ERS	3	2	0	3	14	\$15,000.00	0	0	0	1
FAS	5	5	0	0	2	\$0.00	0	1	0	0
FNS	15	14	2	2	4	\$14,000.00	0	2	0	1
FS	180	148	30	5	53	\$1,117,194.34	4	53	1	20
FSA	26	22	2	3	7	\$106,000.00	0	10	0	10
FSIS	47	41	9	3	20	\$545,506.75	3	23	0	6
GIPSA	3	3	1	1	2	\$0.00	0	2	0	1
NAD	0	0	0	0	0	\$0.00	0	0	0	0
NAL	0	0	0	0	0	\$0.00	0	0	0	0
NASS	1	1	0	0	1	\$0.00	0	1	0	0
NIFA	1	1	0	1	1	\$5,000.00	0	0	0	0
NRCS	48	43	5	2	14	\$465,146.24	2	7	0	1
OCFO	30	29	0	4	8	\$55,751.00	0	30	0	3
OIG	5	5	1	0	0	\$325,109.33	1	2	2	1
RD	52	45	3	2	13	\$149,786.62	3	20	1	4
RMA	4	2	2	0	1	\$0.00	0	2	1	0
Total	545	463	72	31	175	\$3,337,310.28	15	189	5	66

FY 2014

USDA Agency	Cases Filed	Accepted	Procedurally Dismissed	Withdrawn	Settled	Aggregate Settlement/Closure[1] Amount	Finding (Agency)[2]	No Finding (Agency)	Finding (EEOC)[3]	No Finding (EEOC)
AMS	9	7	1	0	6	\$93,250.00	1	6	0	5
APHIS	42	40	6	2	14	\$150,546.55	1	10	2	6
ARS	10	13	1	2	7	\$115,649.00	1	6	0	8
CNPP	0	0	0	0	0	\$0.00	0	0	0	0
CSD	37	29	2	4	26	\$204,582.00	1	12	0	5
ERS	3	2	1	0	0	\$0.00	0	0	0	1
FAS	7	8	0	0	0	\$0.00	0	1	0	2
FNS	11	7	3	0	3	\$7,500.00	0	5	0	0
FS	153	126	20	7	38	\$518,346.25	2	40	0	25
FSA	20	17	2	0	11	\$814,600.00	0	5	0	12
FSIS	62	49	6	6	14	\$188,500.00	5	19	0	27
GIPSA	10	9	0	1	2	\$0.00	0	1	0	0
NAD	2	1	1	0	0	\$0.00	0	0	0	0
NAL	0	0	0	0	0	\$0.00	0	0	0	0
NASS	1	1	0	0	0	\$0.00	0	1	0	0
NIFA	3	3	0	1	0	\$0.00	0	0	0	0
NRCS	46	43	7	3	15	\$114,731.30	1	15	1	1
OCFO	19	17	4	2	6	\$89,303.20	0	18	1	2
OIG	9	9	0	1	0	\$0.00	0	0	0	3
RD	32	32	6	3	3	\$177,907.86	1	18	3	10
RMA	6	5	1	0	0	\$0.00	0	2	0	1
<b>Total</b>	<b>482</b>	<b>418</b>	<b>61</b>	<b>32</b>	<b>145</b>	<b>\$2,474,916.16</b>	<b>13</b>	<b>159</b>	<b>7</b>	<b>108</b>

FY 2015

USDA Agency	Cases Filed	Accepted	Procedurally Dismissed	Withdrawn	Settled	Aggregate Settlement/Closure[1] Amount	Finding (Agency)[2]	No Finding (Agency)	Finding (EEOC)[3]	No Finding (EEOC)
AMS	4	5	0	0	2	\$500.00	0	0	0	1
APHIS	26	17	4	1	9	\$119,389.11	0	5	0	3
ARS	10	10	1	0	4	\$75,000.00	0	0	0	0
CNPP	0	0	0	0	0	\$0	0	0	0	0
CSD	17	22	2	0	5	\$23,000.00	0	6	0	4
ERS	2	0	0	0	0	\$0	0	0	0	0
FAS	0	0	0	0	1	\$0	0	1	0	0
FNS	10	8	0	1	2	\$61,750.00	0	1	0	0
FS	83	72	5	1	13	\$58,200.00	0	18	0	2
FSA	8	9	1	0	5	\$369,997.00	0	5	0	1
FSIS	35	30	3	3	8	\$124,090.00	0	5	1	2
GIPSA	5	5	0	0	0	\$0	0	0	0	1
NAD	0	0	0	0	0	\$0	0	0	0	0
NAL	0	0	0	0	0	\$0	0	0	0	0
NASS	0	0	0	0	0	\$0	0	0	0	0
NIFA	0	0	0	0	0	\$0	0	0	0	0
NRCS	14	9	0	1	13	\$47,000.00	0	7	0	4
OCFO	12	7	0	0	2	\$21,250.00	0	7	0	3
OIG	3	2	0	0	2	\$70,000.00	0	0	0	0
RD	24	22	1	1	8	\$284,818.61	0	2	0	0
RMA	4	2	0	0	2	\$75,000.00	0	1	0	0
Total	257	220	17	8	76	\$1,329,994.72	0	58	1	21

Status of Open Equal Employment Opportunity  
Complaint Inventory by USDA Agency As of March 31, 2015[1]

USDA Agency	Pending Accept/Dismiss	Pending Investigation	Pending Final Agency Action	In EEOC Hearing
AMS	1	3	1	8
APHIS	7	18	5	36
ARS	3	9	4	8
CNPP	0	0	0	0
CSD	6	18	5	33
ERS	2	0	0	3
FAS	0	2	3	10
FNS	3	7	2	10
FS	35	64	59	200
FSA	4	5	4	44
FSIS	9	19	13	57
GIPSA	0	5	2	15
NAD	0	0	0	1
NAL	0	0	0	0
NASS	0	0	1	0
NIFA	0	0	0	2
NRCS	5	11	5	45
OCFO	5	5	5	8
OIG	2	2	1	16
RD	6	23	14	49
RMA	2	2	1	4
Total	90	193	125	549

Total Open Inventory = 957

[1] Cases pending appeal with the Equal Employment Opportunity Commission's Office of Federal Operations are not reflected in the total inventory.

Source: USDA/OASCR Civil Rights Enterprise System, iComplaints EEO Database

OFFICE OF COMMUNICATIONS

Mr. Aderholt: Please provide a table showing how much of the Office of Communications' budget is spent on all forms of communication activities focused on each of USDA's seven mission areas for fiscal years 2012 thru estimated 2015. Please provide an explanation as to how the Office of

Communications measures effectiveness via the various forms of communications (i.e., press releases, blogs, editorials, and social media posts). Please provide a complete listing of contracts, interagency agreements, or any type of service provided and paid for by the Department for the Office of Communications during FY 2013 to FY 2015.

Response: For fiscal years 2012 through estimated 2015, the budget spent on all forms of communication activities focused on each of USDA's seven mission areas is given in the following table:

<u>Mission Area</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u> <u>\1</u>
Farm and Foreign Agricultural Services	1,089,080	1,105,124	1,070,448	1,033,308
Food, Nutrition and Consumer Services	1,097,061	1,226,373	1,256,670	1,132,896
Food Safety	1,090,320	1,082,827	1,027,607	1,013,008
Marketing and Regulatory Programs	1,096,792	1,124,895	1,090,207	1,047,981
Natural Resources and Environment	1,173,661	1,199,016	1,290,189	1,159,715
Research, Education and Economics	1,283,082	1,324,641	1,294,724	1,235,097
Rural Development	1,235,004	1,297,124	1,035,155	1,127,995
Total	8,065,000	8,360,000	8,065,000	7,750,000

\1 FY 2015 is estimated

USDA's Office of Communications (OC) continues to look for ways to improve, innovate and modernize our services. OC seeks opportunities to manage proactively and effectively, while providing Americans with modern and efficient services. From 2011 to 2015, OC experienced an 18.5% budget reduction, which has presented challenges in supporting the Department's work in service to U.S. agriculture and rural Americans. OC's mission is to provide leadership, expertise, management and coordination, to develop successful communication strategies and products that advance the mission of USDA and priorities of the government, while serving and engaging the public in a fair, equal, transparent and easily accessible manner. OC delivers information about USDA programs and policies to the American people, in service to U.S. farmers, ranchers, producers and rural Americans. To fulfill that mission, OC disseminates information concerning USDA's programs, policies and activities through various media and directly to our stakeholders. The success of the Department's initiatives--and the success of U.S. agriculture, both domestically and abroad--is directly aided by adequately resourced communications and public education campaigns, and the ease with which the public can access information on the Department's programs. In recent years, OC has also taken on an increasingly important role in coordinating USDA's communications during emergencies or other incidents that potentially affect large segments of the public and the U.S. and global economies.

OC is divided into the following divisions: Digital Communications, Creative Media and Broadcast Center, Press Operations, Speechwriting, Information Technology, Branding Events Exhibits and Editorial Review, Printing, and Photography. These divisions help to coordinate and manage effective communications materials across most of USDA's 17 agencies and 18 offices, the state and county offices across the United States, and our 96 posts overseas. Over the last six years, USDA has been supported policies that have made agriculture one of the bright spots in the economy, positioning USDA to support its constituents in taking advantage of new opportunities.

Here are four recent examples of OC's work on behalf of USDA:

1. Because of the collective efforts of OC to help educate and inform the public about USDA activities. In addition, Forbes magazine recently named USDA one of the top 216 places to work in the United States—just one of three federal agencies to be named. (<http://www.forbes.com/best-employers/list/2/#tab:rank>)
2. Because of the innovative work of OC's Digital Communications team, [USDA.gov](http://www.usda.gov) is consistently in the top 10 of most visited websites across the federal government, garnering roughly 14 million unique page views each month. (<https://analytics.usa.gov/>)
3. In the month of March 2015 alone, OC's outreach to journalistic media (print, online, blogs, social media) helped to reach the equivalent of 107 million American—one-third of the U.S. population.
4. OC is a key contributor to USDA's Blueprint for Stronger Service, a proactive effort meant to cut costs and modernize operations. In 2015, OC is leading the development of an Enterprise-level Open Source Content Management System that will lower costs across multiple agencies in USDA by eliminating separate digital content management and development platforms.

In addition, OC receives funds through the working capital fund to provide centralized creative media and broadcast services.

#### BIOTECHNOLOGY AND TRADE

Mr. Aderholt: You have made statements about your involvement with the biotechnology reviews of seed with our international trading partners. Specifically, you said "...it is not just enough for us to approve and accelerate our regulatory approval process, we also have to get our friends and neighbors in the international community to do the same." In your response, you mentioned work with China.

You know that marketability and predictability are vital needs of U.S. farmers when making business decisions. After the trade disagreements with China on U.S. exports of corn a few months ago, the office of the U.S. Trade Representative and the White House were reminded once again of the vital need for improving the timeliness and predictability of international regulatory systems. It is our responsibility to work on behalf of our ag constituents to help lessen the unpredictability of foreign markets.

What have you and your colleagues in the Administration, including USTR and the National Security Council, done to ensure biotech trade matters remain one of the highest priorities when working with international trade partners?

Response: USDA, in close collaboration with other U.S. Government agencies, is actively engaged in countries around the world on the trade and use of genetically engineered (GE) products. Addressing unscientific barriers to trade in products derived from biotechnology and fostering an enabling environment for innovative technologies constitute an important element of our strategy on biotechnology. While attention-grabbing concerns regarding access to certain markets can make the headlines, U.S. exports of bulk and intermediate products derived from the major biotech food crops (corn and soybeans) were robust at 133 million metric tons and \$47 billion in value in 2014, according to Census Bureau data.

U.S. exports of GE products are often subject to complex regulatory barriers and politicized concerns over consumer acceptance in overseas markets. USDA, in close collaboration with other U.S. Government agencies, including USTR and the National Security Council, and private sector stakeholders, engages with countries and organizations around the world to foster implementation of regulations and systems that are transparent, science-based, and consistent with international standards and WTO obligations. Our engagement takes a variety of forms, including: bilateral and multilateral trade negotiations; leadership in international organizations involved in biotech issues; and international outreach on topics such as science-based regulatory systems.

Mr. Aderholt: What else can you and the Administration do to help mitigate trade disruptions as they relate to biotech across the globe and within APEC in particular?

Response: USDA, in close collaboration with other U.S. Government agencies, is actively engaged in countries around the world on the trade and use of GE products. Addressing unscientific barriers to trade in products derived from biotechnology and fostering an enabling environment for innovative technologies constitute an important element of our strategy on biotechnology. While attention-grabbing concerns regarding access to certain markets can make the headlines, U.S. exports of bulk and intermediate products derived from the major biotech food crops (corn and soybeans) were robust at 133 million metric tons and \$47 billion in value in 2014, according to Census Bureau data.

The Asia-Pacific Economic Cooperation (APEC) region holds great promise for products of agricultural biotechnology as markets and as potential adopters of the technology. USDA leads the USG efforts in the APEC High Level Policy Dialogue on Agricultural Biotechnology (HLPDAB) forum, the purpose of which is to exchange information and achieve consensus on the importance of biotechnology to agricultural productivity, the environment, and food security among APEC's member economies. Over the last three years USDA has energized the HLPDAB by working with the host economies to organize workshops on the margins of the HLPDAB meetings. Through these workshops the United States has helped APEC economies to incorporate biotechnology into their agricultural sectors and to address common challenges associated with the responsible adoption and informed use of innovative agricultural biotechnology. These efforts have served to strengthen science-based biotechnology regulatory systems in many APEC economies, facilitating \$110 billion in total U.S. agricultural exports to the region in 2014.

## LEGAL PAYMENTS BY USDA AND LEGAL SUPPORT FOR USDA

Mr. Aderholt: Please provide a complete listing of payments, settlements, awards or adjudications to any non-governmental entity as a result of judicial action, judicial orders, legal arbitration, mediation or dispute for each fiscal year for the past five years (FY 2011 to FY 2015 to date). Include the awardee, amount of funds, a description of issue, and the source of the funds.

Response: The information is submitted for the record.

[The information follows]:

U.S. DEPARTMENT OF AGRICULTURE  
Non-Government Settlements  
(Dollars in Thousands)

Agency	Awardee	Amount Paid in 2011	Amount Paid in 2012	Amount Paid in 2013	Amount Paid in 2014	Amount Paid to date in 2015	Description of the Issue	Source of Funds
RMA	EAJA-BACA CO GRIP Atty Fees McAfee & Taft	35					34 Corn producers in Baca County, Colorado challenged an August 4, 2009 Agency decision where the Agency changed NASS statistics that resulted in lowered yields and won.	Federal Crop Insurance Corporation
RMA	EAJA -2009 GRIP H Batenhorst-Atty fees Macfee & Taft	3					Dispute involved questioned NASS yields in Star County GRIP case and won.	Federal Crop Insurance Corporation
RMA	IF SEYL-Sugar Beets 2009NY Warren Anderson Atty	257					Reconsideration of Myron Matik 2000 Sugar Beet Claims with American Growers Insurance Company.	Federal Crop Insurance Corporation
RMA	EAJA-Hawkins Hawkins Atty Feas-P Campbell	15					Reconsideration of an EAJA case, the sole issue is whether the Adjudicative Officer erred in limiting the award of attorney's fees to an hourly rate of \$125. Agency prevailed and did not have to pay additional funds, but still had to pay original amount.	Federal Crop Insurance Corporation
RMA	EAJA-McAfee & Taft NAD Hernes Atty Fees	13					Dispute regarding changing prevented planting claims adjustment procedures involving cotton claims in Pinal County Arizona and prevailed.	Federal Crop Insurance Corporation
RMA	SEYL-Tennessee Bar Ielta Galligan-Stewart Nursery		500				Government was facing a \$3.7 million loss at trial regarding a very difficult case, so they settled and made a payment for \$500K.	Federal Crop Insurance Corporation
RMA	SEYL Agreement-James Stockett Special			8			Claims denied and litigated, both parties agreed to settle all claims for \$7,500.00.	Federal Crop Insurance Corporation
RMA	EAJA-Gibbens Law Firm - Belzer Bros Potato CO -			7			Dispute was over interest on prevented planting claims for Belzer Brothers Potato Company which they won and a subsequent EAJA case filed.	Federal Crop Insurance Corporation
RMA	EAJA-McAfee & Taft Glenn & Russell Ausmus Atty Fees			46			Dispute was whether the plaintiffs followed good farming practices on non-irrigated corn in Baca County, Colorado which they won and a subsequent EAJA case filed.	Federal Crop Insurance Corporation
RMA	EAJA-McAfee & Taft Hanson Colorado Farms Atty Fees			93			Dispute was whether the plaintiffs followed good farming practices on non-irrigated corn in Baca County, Colorado which they won and a subsequent EAJA case filed.	Federal Crop Insurance Corporation
RMA	EAJA-Parsons Farnell Grein-Gabriel Farms Atty Fees			49			Dispute over denial of AGR claim which they won and a subsequent EAJA case filed.	Federal Crop Insurance Corporation
RMA	SEYL Agreement-Arthur Bohmann				75		Disputed claim settlement.	Federal Crop Insurance Corporation
RMA	SEYL Agreement-Gabriel Farms				1,500		Disputed claim, very difficult case so it was settled.	Federal Crop Insurance Corporation
RMA	SEYL Agreement-Jon Yori				278		Disputed apple claim, very difficult case so it was settled.	Federal Crop Insurance Corporation
<b>Total, RMA</b>		<b>324</b>	<b>514</b>	<b>188</b>	<b>1,853</b>	<b>0</b>		

Agency	Awardee	Amount Paid in 2011	Amount Paid in 2012	Amount Paid in 2013	Amount Paid in 2014	Amount Paid to date in 2015	Description of the Issue	Source of Funds
RD	CAROLYN S SMALLEY	5					SETTLEMENT C SMALLEY	RD Salaries & Expenses
RD	JONATHAN BELL LAW OFFICE	35					RD 2010 00049 EEOC 520 2011 00080X G BEAM	RD Salaries & Expenses
RD	MICHAEL ADLEMM	8					RD 2009 00669 EEOC 420 2010 00176X	RD Salaries & Expenses
RD	ROBERT H GARFIELD	7					LITIGATION FEES ATTORNEY	RD Salaries & Expenses
RD	LEARON ANKON	250					MON PECUNIARY DAMAGES BACK PAY	RD Salaries & Expenses
RD	SHARON MCINTYRE	6					EEO Settlements	RD Salaries & Expenses
RD	KATHLEEN M JAMES	5					RD 2009 00635	RD Salaries & Expenses
RD	KALLIARVY, CRUST & NEWMAN, P.C.	14					EEO Settlements	RD Salaries & Expenses
RD	ROBERT H GARFIELD	95					RD 2008 00376 SETTLEMENT FOR TOMI CARTER	RD Salaries & Expenses
RD	DONALD G GILPIN	22					oney Fees for Ray Lyon Cases RD-2007-00199 RD-2007-00159; Settlement Agreement for Ray Lyon	RD Salaries & Expenses
RD	SACHAEL S LYON	65					RD-2011-00729; Settlement Agmt for Medical Fees	RD Salaries & Expenses
RD	DIANNA L. HENLEY JAMES	1					RD-2010-00812; RD-2011-00977 Settlement for Nava	RD Salaries & Expenses
RD	BERGIO SUBIATE NAVA	3						RD Salaries & Expenses
RD	DOROTHY H WALLS	5					EEO SETTLMNT RD 2009 00590	RD Salaries & Expenses
RD	SAUNDRA ETKINS			41			EEO Settlements	RD Salaries & Expenses
RD	CATHY A KING			20			EEO SA RD 2010 00247	RD Salaries & Expenses
RD	DONALD G GILPIN			5			Litigation fees and Awards	RD Salaries & Expenses
RD	MINAHAN & MUTHER, P.C.			10			R BROSSART EEOC 483 2013 00079X	RD Salaries & Expenses
RD	ADAM J CONVI			18			RD 2011 00740 M LITTLE	RD Salaries & Expenses
RD	IRMA S WOODRUFF			3			SETTLEMENT AGREEMENT RD 2009 00425	RD Salaries & Expenses
RD	IVAN GRAVES			3			EEO Settlements	RD Salaries & Expenses
RD	PHILLIP PAINTER			2			RD 2011 00621	RD Salaries & Expenses
RD	SHELL WYLIE & TIBBALS			30			FOIA SETTLEMENT USDA RD 11 258R	RD Salaries & Expenses
RD	WADLEIGH STARR & PETERS PLLC			60			Litigation fees and Awards	RD Salaries & Expenses
RD	NICKI D MCCOY			70			EEOC 541 2011 00629X	RD Salaries & Expenses
RD	KAREN DENISE JONES			1			EEO U12 032	RD Salaries & Expenses
RD	SILSEN MARIE KURTZ			0			Litigation fees and Awards	RD Salaries & Expenses
RD	EDDIE J BROOKS			5			FADS RD 2007 00957	RD Salaries & Expenses
RD	NORMA D MCCOLLUM			1			EEO U12 031	RD Salaries & Expenses
RD	RETHA F OLIVER			29			RD 2011 00737	RD Salaries & Expenses
RD	GREGORY A ORLET			1			REF GRIEVANCE U13 009 G ORLET	RD Salaries & Expenses
RD	MIGUEL RUIZ			13			EEO SA RD 2011 00586	RD Salaries & Expenses
RD	SONYA ENCARNACION			1			EEO SETTLE FEES REPORTER	RD Salaries & Expenses
RD	ARLETTE M ARAHA			2			EEO SETTLEMENT	RD Salaries & Expenses
RD	CAROLYN M SHEPARD			4			CIVIL RIGHTS SETTLEMENT	RD Salaries & Expenses
RD	PATRICIA A ENDEKASKE				2		BA RE RD 2011 00460	RD Salaries & Expenses
RD	PHILIP H PORTER				14		EEO SETTLEMENT RD 2007 00489	RD Salaries & Expenses
RD	D J THOMPSON				4		PAY EMPLOYEE FOR 12 DAYS 9 13 THRU 9 30 2013	RD Salaries & Expenses
RD	BONNEY ALLENBERG AND O'REILLY				114		EEO SETTLEMENT RD 2006 02338 R FINCH	RD Salaries & Expenses
RD	BONNEY ALLENBERG AND O'REILLY				5		RD 2006 02336 LUMP SUM TAX LIABILITY R FINCH	RD Salaries & Expenses
RD	BONNEY ALLENBERG AND O'REILLY				70		RD 2006 02338 ATTORNEY FEES	RD Salaries & Expenses

Agency	Awardee	Amount Paid in 2011	Amount Paid in 2012	Amount Paid in 2013	Amount Paid in 2014	Amount Paid to date in 2015	Description of the Issue	Source of Funds
RD	BUTZEL LONG, A PROFESSIONAL CORPORA				45		ATTORNEY FEES RD 2009 00138 141 142 147 148	RD Salaries & Expenses
RD	BUTZEL LONG, A PROFESSIONAL CORPORA				14		EEO LUMP SUM RD 2009 00118 P KUCZEWSKI	RD Salaries & Expenses
RD	BUTZEL LONG, A PROFESSIONAL CORPORA				41		EEO LUMP SUM RD 2009 00141 J GRITPKE	RD Salaries & Expenses
RD	BUTZEL LONG, A PROFESSIONAL CORPORA				14		EEO LUMP SUM RD 2009 00142 L GROVER	RD Salaries & Expenses
RD	BUTZEL LONG, A PROFESSIONAL CORPORA				36		EEO LUMP SUM RD 2009 00147	RD Salaries & Expenses
RD	BUTZEL LONG, A PROFESSIONAL CORPORA				6		EEO LUMP SUM RD 2009 00148 P GROVER	RD Salaries & Expenses
RD	TOLLY RINCKEY PLLC AMERICAN FEDERATION OF GOVERNMENT E				3		CRSD 2014 00503	RD Salaries & Expenses
RD	EDELSTEIN AND EATNE LAW FIRM				1		ATTORNEY FEES REF J HALB RD 2012 00651	RD Salaries & Expenses
RD	LEONARD H KLATT PA				33		EEOC RD 2010 00875	RD Salaries & Expenses
RD	NCLAUGHLIN LAW FIRM				5		ATTORNEY FEES RE RD 2007 00405	RD Salaries & Expenses
RD	IPMA S WOODRUFF				37		RD 2011 00256 EEO SETTLEMENT	RD Salaries & Expenses
RD	MARLIGUS H BLACK				3		EEO SETTLEMENT	RD Salaries & Expenses
RD	KIRK L LILJESTROM				32		RD 2013 00045 EEOC CASE 430 2013 00343X	RD Salaries & Expenses
RD	YVONNE M GARZA				8		EEO CW 443 2013 00131X	RD Salaries & Expenses
RD	JERRY L HALB				4		RD 2013 00287	RD Salaries & Expenses
RD	DIADRA L HEMLEY JAMES				5		EEO RD 2012 00451	RD Salaries & Expenses
RD	WAYNE E DUBBLE				1		EEO SETTLEMENT	RD Salaries & Expenses
RD	CASSADY TOLES				4		UIP SETTLEMENT	RD Salaries & Expenses
RD	KIMBERLIN S ALLISON				45		KIM ALLISON SETTLEMENT ATTORNEY FEES	RD Salaries & Expenses
RD	MATTHEW HOLBEN				35		KIMBERLIN ALLISON SETTLEMENT	RD Salaries & Expenses
RD	WILLIAM M GILBERT				49		RD 2010 00727	RD Salaries & Expenses
RD	KALLIARVI, CHOSI & NEMON, P.C.				18		RD 2011 00727	RD Salaries & Expenses
RD	BONNEY ALLENBERG AND O'REILLY				51		Litigation fees and Awards	RD Salaries & Expenses
RD	ALDEN LAW GROUP, PLLC				1		RD 2006 02338 ATTORNEY FEES	RD Salaries & Expenses
RD	KIM WARDENSKY LAW OFFICE OF ERIC R WIMBERGER LLC				82		REF CRSD 2012 01027	RD Salaries & Expenses
RD	CHRISTOPHER BLECK JR CONSUMER & EMP LAW CNTR OF WISCONSIN				46		CRSD 2012 01027	RD Salaries & Expenses
RD	ALVIN WILSON				20		EEOC 443 2013 00104X REF L AUSTING	RD Salaries & Expenses
RD	RUSSELL M GRAY				30		Litigation fees and Awards	RD Salaries & Expenses
RD	SHULAM S HUMBAL				5		EEO RD 2013 00369	RD Salaries & Expenses
RD	KELLY M KNAACK				6		RD 2014 00264 EEOC 560 2105 00020X	RD Salaries & Expenses
RD	KELLY M KNAACK				73		EEO SETTLEMENT RD 2014 00273	RD Salaries & Expenses
RD	MICHELE ANNE BROSSART				4		EEOC 443 2014 00107X RD 2013 00789	RD Salaries & Expenses
RD	SHERAIE LEVIT CARTER				48		EEOC 443 2014 00107X RD 2013 00789	RD Salaries & Expenses
RD	VICTOR J CRAFFIGNA				5		EEOC 443 2013 078X RD 2011 00681	RD Salaries & Expenses
RD	ALBA I RIVERA				10		RD 2010 00592	RD Salaries & Expenses
RD	ARIETTE M ARANA				15		RD 2012 00360	RD Salaries & Expenses
RD	LANCE GERALD AUSTING				5		RD 2012 00737	RD Salaries & Expenses
RD	PATRICIA A HESS				1		RD 2013 00795 EEO SETTLEMENT	RD Salaries & Expenses
RD					37		EEOC 443 2013 00104X	RD Salaries & Expenses
RD					3		RD 2014 00675	RD Salaries & Expenses
<b>Total RD</b>		<b>311</b>	<b>399</b>	<b>319</b>	<b>606</b>	<b>311</b>		

Agency	Awardee	Amount Paid in 2011	Amount Paid in 2012	Amount Paid in 2013	Amount Paid in 2014	Amount Paid to date in 2015	Description of the Issue	Source of Funds
Food, Nutrition and Consumer Service	Laura Wilnot	100					Settlement Agreement	Nutrition Programs Administration
Food, Nutrition and Consumer Service	Madeline Viens			4			Settlement Agreement	Nutrition Programs Administration
Food, Nutrition and Consumer Service	John Kwit			5			Settlement Agreement	Nutrition Programs Administration
Food, Nutrition and Consumer Service	Roxie Daugherty				1		Settlement Agreement	Nutrition Programs Administration
Food, Nutrition and Consumer Service	Adam Conti, LLC					8	Fees paid to attorney as part of a Settlement Agreement	Nutrition Programs Administration
Food, Nutrition and Consumer Service	Jolene Fields				4		Settlement Agreement	Nutrition Programs Administration
Food, Nutrition and Consumer Service	NTEU				1		Settlement Agreement for back dues	Nutrition Programs Administration
Food, Nutrition and Consumer Service	Charles Perenick				10		Settlement Agreement	Nutrition Programs Administration
Food, Nutrition and Consumer Service	Christopher Wallace				58		Settlement Agreement	Nutrition Programs Administration
Food, Nutrition and Consumer Service	Vernetta Norman				90		Settlement Agreement	Nutrition Programs Administration
Food, Nutrition and Consumer Service	Jeffery C. Dingle	3					Tort Claim	Nutrition Programs Administration
Food, Nutrition and Consumer Service	Country Preferred Insurance Company (Claim #132-0042461)					6	Tort Claim	Nutrition Programs Administration
Food, Nutrition and Consumer Service	Alberta Davis					3	Tort Claim	Nutrition Programs Administration
<b>FOCAL FUND</b>		<b>103</b>	<b>0</b>	<b>9</b>	<b>1</b>	<b>180</b>		
FS18	EDMUND HORNSTEIN, USAA	2.15					GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	JORY TUCKER	1.98					GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	FARMERS INSURANCE EXCHANGE	1.62					GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	USAA FOR OSCAR MAYFIELD	1.93					GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	MARCIA & THOMAS MCKEE	1.04					GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	KEVIN BRNST	1.43					GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	GA POWER COMPANY	2.40					GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	ENTERPRISE RENT A CAR	1.50					GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	TERRI LAWSON	0.52					GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	INAVAT KHAN	1.12					GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	ALLESTAYE / VIRGILIO ABLIGAS	2.28					GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	ALLESTAYE INSURANCE / RUFY FULLER	1.58					GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	ADVANTAGE LOSS SERVICES / DART TRANSIT CO	1.57					GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	POWER EQUIPMENT LEASING / WESTERN UTILITIES	2.07					GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	ALLESTAYE INSURANCE / VITA COOPER	2.39					GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	ENTERPRISE RENT A CAR CO OF TN		0.54				GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	HAROLD MOORE		0.67				GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	NATIONAL RENTAL CAR		1.30				GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	LINDA BRITTON FINSON		1.25				GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	THOMAS GURTLER		2.16				GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	RONALD WENDEL		1.84				GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	STATE FARM FARM INSURANCE / DANN REEVES		0.87				GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	USAA / IGENIX		2.24				GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS
FS18	GEICO / AARON L. SINGLAIR		2.41				GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS18 - AGENCY FUNDS

Agency	Awardee	Amount Paid in 2011	Amount Paid in 2012	Amount Paid in 2013	Amount Paid in 2014	Amount Paid to Date in 2015	Description of the Issue	Source of Funds
FS15	BENY & ALBERTO BLACKWOOD PROGRESSIVE CASUALTY INSURANCE CO / MICHAEL PACHEC		0.81				GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	RUTH ZIEGLER		1.58				GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	MARCUS NENNSTIEL		1.08				GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	ILDEFONSO RODRIGUEZ TROCHE		1.59				GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	Diane Cervone						GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	JENNIFER MAXEY		0.54				GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	CT DOT		1.03				GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	HENDRY SANCHEZ		2.07				GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	SANDRA JOHNSON MINNESOTA DEPARTMENT OF TRANSPORTATION		0.95				GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	DAIL PUMER			0.6			GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	21ST CENTURY INSURANCE CO / CHRISTINE KIM			1.1			GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	JOHNATHAN SNYDER			0.5			GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	JOSEPH RAKOS			2.0			GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	SHARON GROSSER			1.8			GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	CHOMBA, EDWARD			1.0			GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	SHELTER INSURANCE / MILDRED BELFIELD			1.0			GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	GENTRY, JERRY			1.7			GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	NATIONWIDE / SHARATH BABU KULASEKHARAN			1.3			GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	JANA PADONICE			1.4			GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	ALLSTATE AND MUI DEING					1.4	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	GEICO / EDWARD KONGMAY					1.4	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	LAGRECA, JUDY					1.1	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	MID CENTURY INSURANCE / JIM ALSIE					2.3	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	INFO ORDERS INSURANCE / ROBERT BOWER					2.2	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	ENGELS TRUCKING					0.2	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	JOSE LAZANO-CARCAMO					1.7	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	STEVEN WADE					2.1	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	BRIANNA HANNING					2.3	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	DAWN AND ARTHUR AGUILAR AMERICAN FAMILY / WILLIAM PREE					1.8	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	RICHARD AND JOHNATHAN GREENSTEIN					2.2	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	ANASTASIOS GEORGAS					1.5	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	KATHRYN MADHELL STATE FARM / ISABELL CHALMERS					1.5	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	Triple J Family Farms LLC					1.3	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	STATE FARM / LAURIE MAY					14.0	Port Claim	FS15 - AGENCY FUNDS
FS15	MAFFRE/COMMERCE INSURANCE / CHRISTINE APARICIO					2	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	BRIANNA SHERIDY					1	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	GEICO / CLIFFORD JOUBERT					1	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	AARON AND TOMY CORREA					2	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15	RICARDO RIVAS LAKHSHI SINGH AND PARNINDER KAUR					2	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS
FS15						1	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FS15 - AGENCY FUNDS

Agency	Awardee	Amount Paid in 2011	Amount Paid in 2012	Amount Paid in 2013	Amount Paid in 2014	Amount Paid to date in 2015	Description of the Issue	Source of Funds
FSIS	ROGER L. TREBCK					0	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FSIS - AGENCY FUNDS
FSIS	MERCURY INSURANCE / ANDREA BERNHARD					1	GOVERNMENT VEHICLE ACCIDENT/GOVERNMENT DRIVER	FSIS - AGENCY FUNDS
<b>TOTAL FSIS</b>		24	25	13	37	11		
Agricultural Research Service	Gregory Hall, Esq.	95					attorney fees	ARS Salaries & Expenses
Agricultural Research Service	Javier Maldonado	70					attorney fees	ARS Salaries & Expenses
Agricultural Research Service	John Mahoney		15				attorney fees	ARS Salaries & Expenses
Agricultural Research Service	Kalljarvi, Chuzi & Newman	12				19	attorney fees	ARS Salaries & Expenses
Agricultural Research Service	Rator Parks & Weiser, PLLC					40	attorney fees	ARS Salaries & Expenses
Agricultural Research Service	Law Office of Archibald Thomas					3	attorney fees	ARS Salaries & Expenses
Agricultural Research Service	Law Office of Jonathan Bell					3	attorney fees	ARS Salaries & Expenses
Agricultural Research Service	Local 1752					375	Resolution of FLSA Class Action Arbitration brought by Union members	ARS Salaries & Expenses
Agricultural Research Service	Local 2147					3,700	Resolution of FLSA Class Action Arbitration brought by Union members	ARS Salaries & Expenses
Agricultural Research Service	Maxine Cheesman		3				attorney fees	ARS Salaries & Expenses
Agricultural Research Service	Pasman & Kaplan, PC			147	1		attorney fees	ARS Salaries & Expenses
Agricultural Research Service	Patrick Henry, LLP			7			attorney fees	ARS Salaries & Expenses
Agricultural Research Service	Renetha Frierson				16		attorney fees	ARS Salaries & Expenses
Agricultural Research Service	Richard Baker, PC		3	28			attorney fees	ARS Salaries & Expenses
Agricultural Research Service	Robbins & Krasin, PLLC		14				attorney fees	ARS Salaries & Expenses
<b>TOTAL ARS</b>		194	221	20	4,074	50		
APHIS	Center for Food Safety	0	3,410	0	0	0	Attorney Fees pursuant to the Equal Access to Justice Act for litigation successfully brought against APHIS for Round Up Ready alfalfa and Sugar Beets	APHIS S&B Appropriation
AMS	Kalljarvi Chuzi & Newman					10	EEO counsel	Marketing Services, Section 32
AMS	Law Offices of Larry J. Stein & L.C.					75	EEO counsel	Trust-Grading of Farm Products
<b>TOTAL AMS</b>		0	0	0	0	85		
Ag BIF	Personnel Management Consultants Inc		2				EEO Settlement	Ag BIF Appropriation
DA	Kalljarvi Chuzi & Newman		40				Litigation Fees	DA Appropriation
DA	Pasman & Kaplan, PC		12				Litigation Fees	DA Appropriation
DA	Alden Law Group, PLLC			6	8		Litigation Fees	DA Appropriation
<b>TOTAL DA</b>		42	12	6	8	0		
Office of Communications	Pasman & Kaplan, P.C.		13				Fees associated with a settlement agreement between USDA and employees.	OC Appropriation
Office of Communications	Alan Tescht and Associates, P.C. OC 10LFA Trust Accounts				7		Fees associated with a settlement agreement between USDA and employees.	OC Appropriation
Office of Communications	BOI II, LLC					1	Fees associated with a settlement agreement between USDA and employees.	OC Appropriation
Office of Communications	Pasman & Kaplan, P.C.					3	Fees associated with a settlement agreement between USDA and employees.	OC Appropriation
<b>TOTAL OC</b>		13	0	7	8	0		
National Appeals Division	William Pratt		24				Former Employee Settlement	OC Appropriation
<b>TOTAL USDA</b>		91	4,404	34	6,672	152		

## QUESTIONS SUBMITTED BY CHAIRMAN ROGERS

## RURAL DEVELOPMENT PROGRAMS

Mr. Rogers: Rural Development funds numerous housing programs that have a significant impact in rural areas, like my District. In FY 2015, USDA proposed cutting Section 502 direct loans. The FY 2015 Omnibus restored that funding. However, USDA did not spend all the 502 direct loan money in FY 2014, leaving millions unspent despite the huge need for this type of program.

The FY 2016 budget request proposed reductions in the Section 504 housing repair grants and the Mutual and Self-Help Housing program. In my district, the Section 504 housing repair grants have helped numerous low-income elderly constituents stay in their homes. The Mutual and Self-Help Housing program has made homeownership an option for several low income families that are willing to contribute sweat equity.

In FY 2014 the Rural Housing Service failed to spend all the money appropriated by Congress for section 502 direct homeownership loans. This is a very import resource in rural districts like mine. What steps has the department taken to ensure that all the loan funds available are obligated?

Response: Rural Development was able to obligate over ninety percent of the single family direct lending available in 2014 despite a government shutdown and reduced staffing levels. We are currently on track to use every dollar available to the program in 2015. To make certain of this, Rural Development has taken additional steps and extended temporary authorizations for State-based staff to obligate loans, subject to an appraisal, and accept additional requests for refinancing. RHS has also expanded loan processing capacity by allowing employees in State and field offices to cross traditional State and county boundaries and process direct loan applications from across the nation. This flexibility makes it easier for USDA to use existing staffing resources to meet program demand without relocations.

Mr. Rogers: Based on your budget justification in 2014, a total of 868 families were assisted through the mutual and self-help housing program. In 2015, it is estimated that a total of 1,100 families are expected to benefit. With the proposed cut in funding in the 2016 budget, the self-help housing program is estimated to serve only approximately 600 rural families. With this demonstrated success, why does the Department insist on proposing cuts to the mutual and self-help housing program?

Response: The Mutual and Self-Help Housing Program has played an important role in providing opportunities for affordable housing for low and very low-income families in rural America for 50 years. The requested 2016 funding level for Mutual and Self-Help housing grants would, paired with balances from prior years, address the reduction proposed in this program. However, because of budget constraints, funding for this program in 2016 it would not support the anticipated demand associated with the increased program level in Section 502 Single Family Direct.

Mr. Rogers: The section 504 program provides assistance to the neediest elderly rural families for essential repairs and home improvements. The repairs provided through this program allow them to live independently at

home. What alternatives are being offered by the Department to help these families?

Response: With a proposed funding level of \$25 million for section 504 grants, we anticipate nearly 4,100 very low income elderly homeowners will benefit from this program. We will work with local and State agencies and nonprofit organizations to leverage 504 grants funds in order to assist as many homeowners as possible. Section 504 loan funds will also be available and can be utilized along with grant funds to facilitate needed repairs.

## QUESTIONS SUBMITTED BY CONGRESSMAN YODER

## DELAY IN RESPONSE

Mr. Yoder: The committee received a response to the questions submitted for the record after last year's hearing late last night (2/24/15)...In your written testimony, you state that "USDA needs to complete its review in a timely manner..."

Do you think a 12 month turnaround time is acceptable for your department?

Response: We are working to provide timely responses to the committee.

NOTE TO REVIEWERS

Last year's QFRs were received on 9/17/2014 and responses were sent 2/24/2015. The quote in question refers to APHIS' review for biotechnology deregulation.

## BROADBAND LOAN PROGRAMS

Mr. Yoder: I understand that USDA and White House officials are saying that this program is complex, the program's finances are hard to explain, and the default rate is not nearly that high. However, whatever the talking points, USDA clearly has a problem in managing this program. Let me quote from the article:

"The explanation I eventually got from the Obama administration was not that damning. But it wasn't exactly comforting, either. The crazy number was apparently produced by flawed execution of a flawed model of a flawed program. In reality, the Agriculture Department expects to recover about 80 cents of every dollar it lends to telecoms to extend high-speed Internet to underserved rural areas."

Is the article accurate in describing the default rate? AND if so, why hasn't USDA done more to fix this problem if the default rate has risen during your most recent time in office?

Response: The 116 percent default rate is not accurate in describing USDA's broadband loan program. Each year the President's budget submission includes the Federal Credit Supplement (Supplement). The broadband loan default rate published in the Supplement reflects late payments, the majority of which are expected to be recovered, as well as long term defaults. The 116 percent broadband loan default rate published in this year's Supplement is based on an outdated methodology that overstated late payment amounts. USDA has improved this methodology and is working closely with OMB on this. The President's budget submission published projected default rates for the broadband program, based on historical performance, anticipated to be 21.49 percent.

Mr. Yoder: If we are relying on your Department to implement this program and you consider it to be a vital part of supporting rural communities, what do you need to get this program under control?

Response: Providing broadband access to rural communities can help improve education, increase access to health care and expand business opportunities. Yet, because of the greater risk involved in providing

broadband access in rural areas, many providers are reluctant to invest in rural areas.

Since those first broadband direct loans under the 2002 Farm Bill program were obligated, Rural Development has strengthened program provisions. A total of 100 Farm Bill broadband direct loans have been approved since 2002, of which 79 are in good standing and 21 are in default. The 21 defaulted loans were made in the early days of the program. Since that time, Rural Development has implemented changes to increase oversight and mitigate risk.

Regulatory changes made in 2008 included an increase in equity requirements; demonstration of the sustainability of the operation through the use of a five-year financial forecast; estimated costs of all facilities to be funded; and detailed engineering designs to support technical feasibility of projects.

In addition, Rural Development has implemented program controls to increase oversight and minimize loss. For example, Rural Development has created a Risk Management Branch in the Rural Utilities Service (RUS) to continually monitor the broadband portfolio and identify borrowers as high, moderate or low risk. RUS works closely with borrowers to mitigate risk.

Since 2009, RUS efforts have been focused on Recovery Act projects and now the September 2015 construction deadline for these projects is approaching. RUS expects most projects will meet this deadline and anticipates positive program results overall with broadband service reaching people in rural and remote parts of the country that have never before been connected. We would welcome further discussions on improving broadband access in rural areas.

Mr. Yoder: Will you commit to reporting back to this Subcommittee in the next six months on any progress you make in addressing this issue?

Response: We would welcome the opportunity to report back to you in the next six months on the status of projects and progress we make.

#### ELIGIBILITY DETERMINATION

Mr. Yoder: The GAO published a report in 2013 regarding the eligibility determination process for WIC applicants at the point of enrollment. The GAO enumerated a few concerns in that report, including inconsistent income criteria for access into the program.

The report cites 'allowable discretion' given to state agencies in determining income status for a prospective beneficiary at the time of application. Does the agency believe that allowable discretion means that local agencies can use any definition of 'current income' or 'household' that they would like in any given circumstance? Are there guidelines on when they can, or cannot use certain definitions, and are any of these guidelines mandated?

Response: All local WIC agencies within that State are required to use the definition of "current income" or "household" established by the WIC State agency and approved by the Department's Food and Nutrition Service (FNS).

Federal WIC regulations specifically define both "income" and "household" at 7 CFR 246.7(d)(2)(ii) and 7 CFR 246.2, respectively and policy guidance related to WIC income eligibility determinations has been issued. The WIC policy memorandum clarified that "current income" generally refers to income regularly received by an applicant's household during the past 30 days. Exceptions to this interpretation have always been afforded to households with seasonal or otherwise irregularly received incomes.

Mr. Yoder: The GAO report also cited findings that FNS regularly provides assistance to states in administering WIC, though this assistance has generally not been focused on key income eligibility requirements, such as determination of family size and the time period of income assessed, in recent years. To that end, soon after the report was made public, USDA issued a 'clarifying memo' to states on recommendations for income criteria, and acceptable forms of documentation, among other items. The FNS last released income verification guidelines in 1988 and 1999. Can the Secretary provide information as to how the 1999 verification guidelines memo and the April 2013 memo from the agency differ? Since many eligibility determination issues still exist according to GAO, what has the agency done recently to correct some of the GAO-identified issues that it had not previously done?

Response: While the April 2013 policy memorandum incorporates much of the guidance provided in the policy memorandum issued in 1999, it differs from that policy memorandum in three key ways: (1) it focuses almost exclusively on the income eligibility assessment and determination for persons applying for benefits under the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), as opposed to the then-new legislative requirements related to documentation of income, residency, and physical presence; (2) it provides a clearly-stated working definition of "current income," i.e., income received by the household within the past 30 days, as a default definition to be used by all WIC State agencies unless they have provided justification for, and obtained approval from, FNS to use a different definition; and (3) it limits the use of a 30-day temporary certification period - established in the 1999 policy memorandum for use in cases when all necessary documentation is not provided by the applicant - to once for each application.

In response to additional concerns expressed by GAO, FNS conducted a series of Regional webinars to elaborate and elucidate the information provided in the WIC Income Eligibility Guidance issued in 2013. The seven webinars were provided to all WIC State agencies, and were interactive, providing all State agencies who had questions or wanted clarification the opportunity to raise those issues directly with FNS' National Office. In addition, FNS has focused its attention on WIC certification by conducting targeted management evaluations (MEs) of all 90 WIC State agencies that specifically address the certification process, with a particular emphasis on income eligibility determinations.

Mr. Yoder: According to GAO, 'FNS regularly monitors state and local WIC administration through Management Evaluations conducted by its regional offices, and in one-third of the states reviewed since 2010, FNS found problems with income eligibility determination policies and procedures. Furthermore, the GAO found that 'FNS has not reviewed findings on income eligibility determination, and, as a result, they have not focused their technical assistance in this area. GAO recommended that FNS establish a

timeline for reviewing these evaluations, consistent with standard management practices for implementing programs. In your written testimony, you state a need to eliminate waste, fraud, and abuse because "program integrity is critical to [their] overall success." Can you please comment on the progress FNS has or has not made in reviewing these evaluations and establishing a plan to combat some of these problems and inconsistencies?

Response: In response to additional concerns expressed by GAO, FNS has focused its attention on WIC certification by conducting targeted management evaluations (MEs) of all 90 WIC State agencies that specifically address the certification process, with a particular emphasis on income eligibility determinations. This project was begun at the beginning of fiscal year (FY) 2015 and will continue through FY 2016. The ME questionnaire was revised to ensure that consistent information is obtained from every WIC State agency, and periodic (quarterly) reports will assess and identify major findings of noncompliance, areas in need of improvement, and emerging trends in these findings and observations. This information will in turn enable FNS to affect program improvements during the course of the 2-year initiative, as well as to identify broader areas that may call for stronger measures, such as the promulgation of more stringent Program regulations or recommendations for legislative provisions to ensure that the integrity of the WIC Program continues to be protected.

#### NUTRITIONAL RISK

Mr. Yoder: As stated in the original legislation authorizing WIC, WIC applicants are required to satisfy four criteria in order to be eligible for benefits: categorical, residential, income, and nutritional risk. For local agencies, the first two criteria are easier to establish than the last two, which are showing economic and nutritional risk. Despite a recent dip in participation, the trends of the program have shown steady growth over its lifespan, as approximately half of all babies from age 0-1 now participate in the WIC program.

Does this mean that approximately half of all babies in the United States are nutritionally at risk?

Response: More than half (51 percent) of the infants in the United States participate in WIC which requires nutritional risk as an eligibility criterion. Nutrition risk is a unique feature of the WIC Program. In addition to meeting categorical, income and residency requirements, each WIC infant must be determined to be at nutritional risk on the basis of a medical or nutrition assessment by a physician, nutritionist, dietitian, nurse, or some other competent professional authority in order to be certified as a WIC participant. Nutrition risk criteria consist of five broad categories: anthropometric, biochemical, clinical/health/medical, dietary and other. According to the 2012 WIC Participant and Program Characteristics Report, almost two-fifths of all infants certified for WIC were certified in the broad anthropometric category, most commonly low birth weight or short stature. At certification, more than four-fifths of infants 0-3 months and almost two-thirds of infants ages 4 and 5 months were at risk because their mothers were eligible or were at risk during pregnancy.

Mr. Yoder: Can the agency describe how state agencies qualify the nutritional risk criteria, and to your knowledge, is that determination process done consistently at the local level?

Response: WIC State agencies are required to use the FNS allowed WIC nutrition risk criteria as a part of the WIC certification process. The cut-offs/thresholds in the list of allowed criteria are based on prevailing scientific data or thresholds established by sister Federal agencies such as the Centers for Disease Control and Prevention. A State agency may not change the definition(s) or cut-off values of the allowable risk criteria unless such changes result in a more stringent definition or criterion than that issued by FNS. WIC State agencies must describe the policies and procedures for determining and documenting nutritional risk as well as include a copy of the nutritional risk criteria they plan to use in their State plans. State plans are submitted to FNS annually for approval.

#### COOL LEGISLATION

Mr. Yoder: Language contained in the FY15 omnibus appropriations bill directed you to work with the U.S. Trade Representative and submit to this Committee a report with your recommendations for changes to Federal law that would be required to establish COOL for beef, pork, and poultry that is in compliance with our trade obligations. That report is due on May 1<sup>st</sup>. Given the rapidly approaching threat of retaliatory measures associated with the WTO case, can we have your assurances today that you will meet that deadline?

Response: USDA will provide the Committee with our report as directed.

Mr. Yoder: Mr. Secretary, you've said that you expect the WTO to issue its decision on the COOL appeal sometime this spring. In addition, you've stated that if the U.S. loses the appeal, it will be up to Congress to fix the statute. I have two questions; first, do you have a more definitive timeframe when we will receive the WTO's decision; and second, if the U.S. loses, as many observers expect, what is the timeframe before Canada and Mexico can institute retaliatory tariffs against a broad array of U.S. products?

Response: The WTO appellate body is expected to issue its decision by May 18, 2015. Should the Appellate Body find that some aspect of the COOL requirements remains inconsistent with the WTO, one option for Canada and Mexico would be to seek authorization from the WTO to suspend trade concessions granted to the United States. Canada and Mexico have each indicated that they will seek such authorization. The United States would then be able to refer any such request to a WTO arbitrator to determine the level of any such suspension of trade concessions. After the WTO arbitrator has issued its decision, Canada and Mexico would each then be able to seek final authorization from the WTO to impose trade sanctions, which could include imposing potentially prohibitive tariffs on various U.S. exports (including agricultural exports.)

#### DIETARY GUIDELINES

Mr. Yoder: The Dietary Guidelines Advisory Committee has indicated that it will incorporate the notion of "sustainability" as a justification for its recommendations. Do you believe this is an appropriate role for the Advisory Committee?

Response: Each Dietary Guidelines Advisory Committee is charged with examining the current edition of the Dietary Guidelines, determining what

topics from the current edition might have high-quality studies to contribute to the body of scientific evidence and, therefore, may be for consideration for the next Dietary Guidelines for Americans. The Advisory Committee determines the topics it will examine. The 2015 Advisory Committee noted that sustainability was mentioned in the 2010 Dietary Guidelines for Americans and decided to include the topic in its scientific review.

The 2015 Advisory Committee's focus for its scientific review across its five subcommittees and four working groups was on dietary patterns - that is, what, how much, and the combination of foods and beverages to eat and drink to promote health and help prevent disease. The topic of food sustainability was addressed by one of the subcommittees, which also focused on seafood, caffeine and other topics. Food sustainability was only one of a total of 83 questions reviewed by the Advisory Committee to help inform the 2015 Dietary Guidelines.

To clarify, the 2015 Advisory Committee's examination of food sustainability did not drive its food-based recommendations. Rather, the purpose of its work on the topic was to ensure that the Dietary Guidelines for Americans food-based recommendations were realistic for the population to meet now and in the future, given the food supply. In addition to the topic of diet and food sustainability, the 2015 Dietary Guidelines Advisory Committee and several of the previous advisory committees addressed other food and nutrition-related topics, such as physical activity and food safety.

USDA and HHS will consider comments from the public and Federal agencies, in addition to the 2015 Advisory Committee's Scientific Report. The public comment component of the Dietary Guidelines development process is important to both Departments.

Mr. Yoder: How do you plan on addressing recommendations that appear to be based on social or environmental interests not nutrition science?

Response: USDA and HHS are in the initial phases of developing the 2015 Dietary Guidelines for Americans. However, to clarify, the 2015 Advisory Committee's examination of food sustainability did not drive its food-based recommendations. Rather, the purpose of its work on the topic was to ensure that the Dietary Guidelines for Americans food-based recommendations were realistic for the population to meet now and in the future, given the food supply.

Mr. Yoder: At any point during the current process to develop the Dietary Guidelines for Americans, has an analysis been undertaken by the Department of Agriculture to determine if the 2010 Guidelines have proven effective in improving the health of Americans?

Response: As with any behavior change at the population level, moving the public toward eating according to the Dietary Guidelines requires committed, broad and deep multi-sectorial collaboration on a long-term basis. There are multiple and complex factors that influence the public's food and physical activity choices. This was highlighted in the 2010 Dietary Guidelines' Chapter 6, "Helping Americans Make Healthy Choices." We are seeing progress in some areas, as indicated in the whole grains example provided in our response to the question below. The progress we are beginning to see in this area is a result of the critical combination of nutrition policy, health professional support, industry changes to products and

marketing, and public education that reaches people in multiple relevant settings (e.g., where they eat, work, learn, and play). We agree that conducting a policy impact analysis in collaboration with other key parties would provide great value and are open to such collaboration.

It is clear that the American public would be much healthier if everyone followed the Dietary Guidelines, given that the Dietary Guidelines are grounded in the strongest body of evidence in the medical and nutrition science fields, focused on eating recommendations for health promotion and disease prevention, including supporting a healthy weight. In fact, the major focus of the 2015 Advisory Committee was to consider evidence on dietary patterns - or the combinations of foods and beverages that individuals regularly consume - and their relationship with various health outcomes, including risk of cardiovascular disease, obesity, type 2 diabetes, diet-related cancers, congenital anomalies, and neurological and psychological illnesses, as well as bone health. The 2015 Advisory Committee found that consuming a diet that aligns with the 2010 Dietary Guidelines is strongly associated with reducing risk of cardiovascular disease and obesity and also has health benefits beyond these categories of health outcomes.

Mr. Yoder: The Nutrition Evidence Library (NEL), which was developed to reduce bias, was not used to answer all research questions. Do you think the 2015 DGAC objectively evaluated research findings to develop their conclusions?

Response: The 2015 Advisory Committee answered questions examining the relationship between diet and health using original NEL systematic reviews and existing reports, which included systematic reviews conducted by third parties. As noted in its Scientific Report, the Advisory Committee chose to consider existing high-quality sources of evidence - such as existing reports from leading scientific organizations and Federal agencies, systematic reviews, and/or meta-analyses - to prevent duplication of effort and promote time and resource management. When systematic reviews or meta-analyses that addressed the question posed by the Advisory Committee were identified, staff conducted a quality assessment using the Assessment of Multiple Systematic Reviews (AMSTAR) tool. Only high-quality existing reports were considered by the Advisory Committee. If multiple high-quality existing reports were identified, their reference lists were compared to find whether any references and/or cohorts were included in more than one of the existing reports. The Committee then addressed the overlap in their review of the scientific evidence to ensure that in cases where overlap existed, the extent of existing evidence was not overestimated. In a few cases, if two or more reviews appropriately answered a question and there was substantial reference overlap, the Committee chose to only use one of the reviews to answer the question.

USDA and HHS will consider the Advisory Committee's Scientific Report, along with public and Federal agency comments, in developing the 2015 Dietary Guidelines for Americans. It is a high priority of the Departments to ensure scientific integrity of the Dietary Guidelines and to ensure that the final recommendations are based on the preponderance of the strongest available evidence.

Mr. Yoder: It is my understanding that most countries review their dietary guidelines much less frequently than the United States. For instance, Canada has done so 8 times since 1942. Do you think it makes sense

to revise a Federal policy before we have had an opportunity to evaluate the previous policy?

Response: Nutrition is an evolving science and the 1990 National Nutrition Monitoring and Related Research Act acknowledged this fact when mandating a statutory requirement that the Guidelines be released every five years. Since the Dietary Guidelines impact many programs and sectors, it is imperative that they are updated frequently so that they are based on the most current body of scientific evidence available.

For example, the DGAs have advanced over time and have transitioned to move from nutrient-focused recommendations - to food-based recommendations and, more recently, to a consideration of overall dietary patterns - the combination of foods and beverages that people regularly consume - thus always reflecting the most current body of research.

Mr. Yoder: As Secretary of Agriculture, do you believe that lean meat, red and processed meats have a role in a healthful and nutritious diet?

Response: The 2015 Dietary Guidelines Advisory Committee made several clear points in their scientific report related to your question. First, there is no one single healthy dietary pattern, but rather, a number of patterns that can provide health benefits. The Committee noted that "individuals can combine foods in a variety of flexible ways to achieve healthy dietary patterns, and these strategies should be tailored to meet the individual's health needs, dietary preferences and cultural traditions." Second, they noted that it is the total dietary pattern that affects health, not any one isolated component. Finally, they confirmed that it is not necessary to eliminate any food or food group to achieve healthy dietary patterns.

For dietary guidance, USDA defines "lean meats" as both red and processed meats that have a low fat content. USDA has developed three Food Patterns that identify amounts to consume from each food group, based on nutrient needs and the findings of the Committee on healthy dietary patterns. As found in the 2015 Advisory Committee's report, these are the Healthy US-Style Food Pattern, the Healthy Mediterranean Style Food Pattern, and Healthy Vegetarian Food Pattern. The first two of these Food Patterns include meat (red and processed, mostly lean) as part of the Protein Foods group. Both Patterns suggest amounts of meat, poultry, and eggs, combined, to consume over the course of a week - these 2015 Advisory Committee recommendations remain unchanged from the Food Patterns in HHS-USDA's 2010 Dietary Guidelines for Americans policy document - *in short, the 2015 Advisory Committee has not recommended that HHS and USDA make a quantitative change to meat recommendation in the current (2010) Dietary Guidelines.* Across the US population, relatively few individuals consume less meat, poultry, and eggs than the Patterns recommend, and average intake is close to recommended amounts for many age/sex groups, including children and teen and adult females. However, the average intake of meat, poultry, and eggs is higher than recommended amounts for teen and adult males.

Note that for those who may choose to not consume meat, poultry, or eggs, those choices are also accommodated in USDA's Healthy Vegetarian Food Pattern. So, in line with the Advisory Committee's conclusion on flexibility in following a healthy dietary pattern, no specific food must be eliminated and no specific food must be consumed.

GMOS

Mr. Yoder: Mr. Secretary, a small, but vocal, group of GMO detractors is having a negative impact on public policy at federal, state, and, increasingly, local levels of government. Last year, 30 states considered more than 100 proposed laws or ballot initiatives related to GMO labeling or regulation. More and more, detractors are taking their arguments to city councils and county commissions and finding success. This is very troubling because GMOs are regulated by federal agencies, primarily USDA. Mr. Secretary, you have been a champion for agricultural innovation, including the use of biotechnology in plant and animal breeding. What is your view on the GMO labeling issue?

Response: We recognize and appreciate the strong interest that many consumers have in knowing whether a food was produced using genetic engineering (GE). The Food and Drug Administration, in coordination with the Food Safety and Inspection Service, is responsible for assuring that foods sold in the United States are safe, wholesome, and properly labelled. USDA understands that GE products have undergone rigorous regulatory reviews and have a strong safety record. Food labels currently convey facts such as nutritional information or whether the food might pose specific known hazards that the consumer should be aware of (e.g. ingredients that may cause food allergies). We must ensure that consumers reach the proper conclusion about the foods they choose, and avoid the possibility of arriving at an improper misperception about food safety. New 21st century tools and technologies, such as barcodes or Quick Response codes and smartphones or store scanners, could be used to provide consumers a way to find out what they might desire to know about a particular food product while at the same time accurately conveying the history of safe use that GE products have demonstrated.

Mr. Yoder: Do you support a 50-state patchwork of GMO labeling laws?

Response: We recognize the vital partnership that the Federal government and State governments must have to address the challenges faced by modern agriculture. We believe the solution to these challenges, including the desire by consumers for product choice, will require the joint efforts of States, Federal government, and Congress.

Mr. Yoder: What role does USDA have in communicating the safety of GMOs to state and local leaders?

Response: Most of the corn and soybeans produced in the United States are biotechnology-derived. This means that we work with our stakeholders to help them understand the technical aspects of new products and how we have determined that they meet our high safety standards. As the scope and complexity of biotechnology grows, the goal of USDA is to clearly and consistently communicate regulatory policy and decision-making that will increase the transparency of the regulatory system and earn public confidence. This is accomplished by providing information that is easily understood and widely available to all interested parties, including such domestic stakeholders as State agencies, tribal nations, non-governmental organizations, and members of the regulated community. The USDA regulatory system for biotechnology derived products emphasizes public participation and embraces an open exchange of ideas. USDA provides two opportunities for the public to make comments during the petition process for certain products of biotechnology. Once USDA determines that the petition is complete, USDA

provides a comment period on the petition for deregulation. This first comment period provides the public an opportunity to raise issues regarding the petition itself, providing input that will be considered by the Agency as it develops its environmental assessment and plant pest risk assessment. USDA provides a second opportunity to comment on the environmental analysis and the plant pest risk assessment. USDA reviews and responds to these comments. Public participation is important for promoting accountability, improving decisions, increasing trust, ensuring that we have widely dispersed information, and making sure our stakeholders gain a better understanding of our regulatory responsibilities.

Mr. Yoder: Can the Department work with University Extension or other local agricultural experts to help inform state and local leaders about the good work done by USDA scientists and regulators to ensure GMOs are safe.

Response: Yes, the Department can work with University Extension and other local agricultural experts to inform state and local leaders about the work performed by USDA scientists and regulators.

#### FUNDING LEVELS

Mr. Yoder: In FY15, the agency was appropriated an additional \$740,000 above FY14 levels to help ensure the agency will continue to make strides toward improving regulatory predictability.

How, specifically, will the increased appropriations be applied to improve the timeliness and predictability of the regulatory system? At what point in the future does the agency anticipate that it will start meeting the goals it set out in 2011?

Response: The current funding level of nearly \$19 million for the Biotechnology Regulatory Services program is sufficient for a point of equilibrium in the review process. This means that USDA will make as many regulatory decisions as petitions received in a given fiscal year. The additional resources will be dedicated to making timely regulatory decisions, eliminating the remaining two petitions from the backlog, and monitoring compliance with biotechnology and environmental regulations. For any new petitions received in FY 2015, USDA will meet the new timeline goal of 15 months for a petition review.

Mr. Yoder: When APHIS announced its regulatory process improvements in 2011, it did not identify a lack of resources as a significant cause of regulatory delays. What circumstances have changed since 2011 to cause the agency to seek additional appropriations, especially since the number of petitions received by the agency has declined significantly since 2011?

Response: USDA appreciates the level of resources provided by Congress for Biotechnology Regulatory Services. The increase USDA received in the FY 2012 appropriation helped us address our regulatory delays and implement improvements to regulatory reviews. In order to significantly decrease the length and variability of the deregulation process, we streamlined the process, standardized the timeline for review, implemented new management and tracking tools, and enhanced the use of public input. USDA also used the additional funds provided by Congress to hire new biotechnologists and environmental specialists to work on analyses and meet the new timelines.

USDA has made significant progress in improving the timeliness of regulatory decisions without sacrificing scientific integrity. USDA has not sought increased appropriations for the program since FY 2012.

## BIOTECH

Mr. Yoder: The Congress appreciates USDA's work over the last year to reduce the backlog of biotech traits pending approval. Clearing the backlog is one important priority for Congress. The other important priority is improving overall predictability so that USDA can begin to immediately meet its goals set out in 2011. This predictability, more than clearing a backlog, is what will drive long term agricultural innovation.

Now that the backlog is reduced, how and when will USDA meet its 2011 goals and obligations?

Response: USDA appreciates the Committee's support of the biotechnology program. USDA implemented a new petition review process in 2012. The Agency also reduced the backlog from 23 pending petitions to 2 petitions. USDA is currently at a point where the Agency will meet the new timeline goal of 15 months for a petition review for any petition received in FY 2015.

Mr. Yoder: Information about BRS performance in the Administration's Fiscal Year 2016 proposed federal budget does not appear to match publicly available agency performance data. (a)How does the agency account for the discrepancy? (b)Please provide a clear explanation of how APHIS calculates its performance measures.

Response: The information about Biotechnology Regulatory Services performance submitted in the Administration's FY 2016 proposed federal budget matches the information that is publicly available in the FY 2014 USDA Annual Performance Report. In both documents, the cumulative number of actions taken by USDA to deregulate biotechnology products based on the sound scientific determination that they do not pose a plant pest risk was: 93 in FY 2012, 102 in FY 2013, 109 in FY 2014, which exceeded our goal of 107. USDA conducts a thorough scientific analysis and considers public comments for each submitted petition. If the genetically engineered (GE) organism is reviewed and found safe for use in the environment, the Department may determine nonregulated status. USDA then publishes a Federal Register notice announcing its determination of nonregulated status. The performance measure is calculated as a whole positive integer. The number is verified and tracked using a count at the end of the fiscal year of publications of determination in the Federal Register. The cumulative number of reviews and determinations of biotechnology products found safe for use in the environment is an indicator of GE technologies that may be commercialized by developers.

## QUESTIONS SUBMITTED BY CONGRESSMAN DAVID G. VALADAO

## FEDERAL DIETARY GUIDELINES

Mr. Valadao: Last week the Dietary Guidelines Advisory Committee (DGAC) released its recommendations on how to develop the 2015 dietary guidelines. There were many inconsistencies, specifically with regard to enriched grains and their value in the American diet. Enriched grains, like breads, rolls, buns, and pasta, are fortified with iron and B-vitamins, such as riboflavin and folic acid. In recent years, I've made it a priority to shed light on that fact that corn masa still lacks federal approval for the addition of folic acid, a necessary supplement for women of childbearing age and infant children to prevent neural tube defects - a birth defect seen to have higher rates in the Hispanic community. Since enrichment was implemented in 1998, there has been a 36 percent decrease in the incidence of American children born with neural tube defects, such as spina bifida. The CDC has called this one of the top 10 ten health achievements of the decade.

In the 2015 recommendations, the DGAC mistakenly categorized enriched grains with refined grains and then recommended that Americans reduce consumption of refined grains. Refined grains (i.e., indulgence items) are considered to be a source of excess calories and added sugars, while enriched grains contain nutrients vital to human health. In order to reduce confusion among American consumers and avoid reduced consumption of enriched grains, will you ensure that the final dietary recommendations appropriately distinguish the difference between enriched and refined grains?

Response: The 2010 Dietary Guidelines for Americans and the 2015 Dietary Guidelines Advisory Committee defined enriched grains as a subset of refined grains - those refined grains that have B-vitamins and iron added consistent with FDA's standards for enrichment. The Guidelines and Advisory Committee noted that most refined grains are enriched. The term "refined" is used as the comparable term to whole grains - all grains are either whole or refined, but not all grains are either whole or enriched.

The 2015 Advisory Committee further noted that they concurred with the 2010 Dietary Guidelines that at least half of all grains should be whole grains. However, they also noted the important contribution of enriched refined grains to intakes of folate and iron in the population. As you noted, the Advisory Committee also stated that the addition of folate to enriched grains had resulted in a major public health benefit.

About 88 percent of current grain consumption is in the form of refined grains, and 12 percent as whole grains. The finding of the 2015 Advisory Committee is that some of these refined grains should be replaced with whole grains for a better balance of nutritional value, including more fiber and other micronutrients. This change would leave up to half of all grain consumption as refined grains, with a recommendation that these should be enriched refined grains. Refined grains include many products that do not have excess calories or added sugars, such as pasta, white bread, rolls, and many breakfast cereals. These are not considered indulgence items, but are foods that are consumed in proportions that are too large in relation to their whole grain counterparts. An additional finding of the 2015 Advisory Committee was that whole grain intake has increased somewhat and refined grain intakes has decreased since 2001-2004. This is most likely due to manufacturers of many food products including more whole grain in their

formulations. But given current consumption levels compared to the recommendations, overall proportions of grain intake still need to be shifted further toward whole grains.

## QUESTIONS SUBMITTED BY CONGRESSMAN HARRIS

## AGRICULTURAL QUARANTINE AND INSPECTION FEES

Mr. Harris: Mr. Secretary, your Department's Animal and Plant Health Inspection Service (APHIS) has proposed a new rule that would revise Agricultural Quarantine and Inspection (AQI) fees on aircraft, ships, trucks and railroad cars. The proposed rule is purported "to more accurately align [AQI] fees with the costs associated with each fee service..." However, it has come to our attention that under the proposed fee structure, a single international passenger flight would pay somewhere between \$225 and \$1,600 in AQI fees. In contrast, an all-cargo flight (regardless of size and how much cargo it is carrying) would pay a flat fee of \$225. Private flights (regardless of size and how many passengers or how much cargo it is carrying) would pay nothing at all. All flights—as you know—are subject to inspection.

Please provide a narrative justifying the proposed fee structure and its failure to account for commercial carrier's cargo size.

Response: APHIS followed Federal guidance, including OMB A-25, Government Accountability Office guidance for fee setting, and Federal Accounting Standards Advisory Board Statement of Accounting Standards Number Four. The Federal guidance ensured appropriate accountability for the Agricultural Quarantine and Inspection (AQI) program costs used to determine the appropriate fees. The fees represent the true cost to the Federal government for providing AQI services for commercial air carriers for cargo and passenger inspection. All arriving international commercial flights, except those specifically exempted under 7 CFR § 354.3(e)(2) (exclusive government aircraft, emergency landings, etc.) are subject to inspection because they may pose a sanitary or phytosanitary risk and are therefore subject to paying the commercial airline user fees.

In establishing our AQI user fees, we do not differentiate based on cargo size. Any cargo could carry insect pests, weed seeds, waste material from garbage, or other waste that is capable of harboring animal disease and may therefore be subject to inspection. Rather, the costs of our AQI activities are contingent upon the time and effort required of APHIS and the Department of Homeland Security's Customs and Border Protection staff to perform those activities identified via activity based cost modeling. Those activities must be performed regardless of the size or volume of the shipment; therefore, the size of the shipment does not determine the amount of the fees.

Mr. Harris: Please provide all documents and communications related to the analysis APHIS did to determine the proposed fee structure.

Response: USDA agrees that stakeholder engagement is an important part of rulemaking and in that spirit, went to great lengths to educate interested parties and obtain their feedback about this rule. Throughout the process, APHIS held meetings with industry and affected parties to:

- Explore potential regulatory alternatives to adjusting user fees,
- Determine the need for a formal review of Agricultural Quarantine and Inspection (AQI) fees,
- Share the user fee review methodology,
- Provide an overview of the detailed findings of the user fee review,
- Explain the proposed user fee adjustments, and

- Receive feedback from affected stakeholders on the proposed changes.

In total, APHIS conducted six formal stakeholder meetings between 2011 and 2015 along with numerous small group meetings with affected stakeholders upon request. In addition, APHIS published information on its site about the user fee review, including two reports prepared by Grant Thornton on the fee setting process and the comprehensive findings of the review. In April 2014, when APHIS published the proposed rule to adjust user fees, the Agency conducted extensive outreach to impacted and interested stakeholders. This included briefings for House Agriculture Committee staff and other congressional Committees; courtesy calls and direct emails to representatives of affected industries, national associations, and potentially interested industry groups; and a conference call with interested stakeholders. In addition, APHIS sent messages through the APHIS Stakeholder Registry to announce the proposed changes and inform stakeholders of upcoming stakeholder meetings. Messages sent via the Registry in 2014 and 2015 were delivered to more than 11,000 unique subscribers.

In April 2014, APHIS published the proposed rule, User Fees for AQI Services, with a 60-day comment period that was extended 30 days. APHIS made several documents available with the proposed rule outlining the data used and analysis conducted in support of the proposed fee structure. These documents, "Fee Setting Process Documentation and Recommendations, October 2011" and "AQI Fee Schedule Assessment and Alternatives, May 2012" along with the approximately 250 stakeholder comments submitted on the proposal are available at <http://www.regulations.gov/#!docketDetail;D=APHIS-2013-0021>.

The documents and communications related to the analysis APHIS did are provided for the record.

[The information follows:]



this section, 5 CFR part 551, or 19 CFR 24.16.

**PART 130—USER FEES**

■ 5. The authority citation for part 130 continues to read as follows:

Authority: 5 U.S.C. 5542; 7 U.S.C. 1622 and 8301–8317; 21 U.S.C. 136 and 136a; 31

U.S.C. 3701, 3716, 3717, 3719, and 3720A; 7 CFR 2.22, 2.80, and 371.4.

■ 6. Section 130.50 is amended as follows:

- a. In paragraph (b)(3) introductory text, by removing the words “or (ii)” and adding the words “, (ii), or (iii)” in their place.
- b. By revising the table in paragraph (b)(3)(i).

■ c. By adding paragraph (b)(3)(iii).

The addition and revision read as follows:

- **130.50 Payment of user fees.**
- \* \* \* \* \*
- (b) \* \* \*
- (3) \* \* \*
- (i) \* \* \*

**OVERTIME FOR FLAT RATE USER FEES<sup>1 2</sup>**

	Outside of the employee's normal tour of duty	Overtime rates (per hour)				
		Effective date of final rule—Sept. 30, 2014	Oct. 1, 2014–Sept. 30, 2015	Oct. 1, 2015–Sept. 30, 2016	Oct. 1, 2016–Sept. 30, 2017	Beginning Oct. 1, 2017
Rate for inspection, testing, certification or quarantine of animals, animal products or other commodities. <sup>3</sup>	Monday–Saturday and holidays. Sundays .....	\$74 98	\$74 98	\$75 99	\$75 99	\$75 100
Rate for commercial airline inspection services. <sup>4</sup>	Monday–Saturday and holidays. Sundays .....	64 84	64 85	64 85	65 86	65 86

<sup>1</sup> Minimum charge of 2 hours, unless performed on the employee's regular workday and performed in direct continuation of the regular workday or begun within an hour of the regular workday.

<sup>2</sup> When the 2-hour minimum applies, you may need to pay commuted travel time. (See § 97.1(b) of this chapter for specific information about commuted travel time.)

<sup>3</sup> See § 97.1(a) of this chapter or 7 CFR 354.3 for details.

<sup>4</sup> See § 97.1(a)(3) of this chapter for details.

\* \* \* \* \*

(iii) For information on rules pertaining to the charges associated with employees of U.S. Customs and Border Protection performing agricultural inspection services, please see 7 CFR 354.1 and 9 CFR 97.1.

\* \* \* \* \*

Done in Washington, DC, this 21st day of April 2014.

Kevin Shea,  
Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 2014–09463 Filed 4–24–14; 8:45 am]  
BILLING CODE 3410–34–P

**DEPARTMENT OF AGRICULTURE**

**Animal and Plant Health Inspection Service**

**7 CFR Part 354**

[Docket No. APHIS–2013–0021]

RIN 0579–AD77

**User Fees for Agricultural Quarantine and Inspection Services**

AGENCY: Animal and Plant Health Inspection Service, USDA.

ACTION: Proposed rule.

**SUMMARY:** We are proposing to amend the user fee regulations by adding new fee categories and adjusting current fees charged for certain agricultural

quarantine and inspection services that are provided in connection with certain commercial vessels, commercial trucks, commercial railroad cars, commercial aircraft, and international passengers arriving at ports in the customs territory of the United States. We are also proposing to adjust or remove the fee caps associated with commercial trucks, commercial vessels, and commercial railcars. We have determined that revised user fee categories and revised user fees are necessary to recover the costs of the current level of activity, to account for actual and projected increases in the cost of doing business, and to more accurately align fees with the costs associated with each fee service.

**DATES:** We will consider all comments that we receive on or before June 24, 2014.

**ADDRESSES:** You may submit comments by either of the following methods:

- *Federal eRulemaking Portal:* Go to <http://www.regulations.gov/>

#*docketDetail*;D=APHIS-2013-0021.

- *Postal Mail/Commercial Delivery:*

Send your comment to Docket No. APHIS–2013–0021, Regulatory Analysis and Development, PPD, APHIS, Station 3A–03.8, 4700 River Road Unit 118, Riverdale, MD 20737–1238.

Supporting documents and any comments we receive on this docket may be viewed at <http://www.regulations.gov/>

#*docketDetail*;D=APHIS-2013-0021 or in our reading room, which is located in room 1141 of the USDA South Building, 14th Street and Independence Avenue SW., Washington, DC. Normal reading room hours are 8 a.m. to 4:30 p.m., Monday through Friday, except holidays. To be sure someone is there to help you, please call (202) 799–7039 before coming.

**FOR FURTHER INFORMATION CONTACT:** For information concerning program operations, contact Mr. William E. Thomas, Senior Agriculturist, Office of the Deputy Administrator, PPD, APHIS, 4700 River Road Unit 130, Riverdale, MD 20737 1231; (301) 851–2306. For information concerning rate development, contact Mr. Michael Peranio, Chief, User Fees, Financial Services Branch, FMD, MRPBS, APHIS, 4700 River Road Unit 55, Riverdale, MD 20737; (301) 851–2852.

**SUPPLEMENTARY INFORMATION:**

**Background**

Section 2509(a) of the Food, Agriculture, Conservation, and Trade (FACT) Act of 1990 (21 U.S.C. 136a) authorizes the Animal and Plant Health Inspection Service (APHIS) to collect user fees for certain agricultural quarantine and inspection (AQI) services. The FACT Act was amended on April 4, 1996, and May 13, 2002.

The FACT Act, as amended, authorizes APHIS to collect user fees for

AQI services provided in connection with the arrival, at a port in the customs territory of the United States, of commercial vessels, commercial trucks, commercial railroad cars, commercial aircraft, and international passengers. According to the FACT Act, as amended, these user fees should recover the costs of:

- Providing the AQI services for the conveyances and the passengers listed above;
- Providing preclearance or preinspection at a site outside the customs territory of the United States to international passengers, commercial vessels, commercial trucks, commercial railroad cars, and commercial aircraft;
- Administering the user fee program; and
- Maintaining a reasonable reserve.

In addition, the FACT Act, as amended, contains the following requirements:

- The fees should be commensurate with the costs with respect to the class of persons or entities paying the fees. This is intended to avoid cross-subsidization of AQI services.
- The cost of AQI services with respect to passengers as a class should include the cost of related inspections of the aircraft or other vehicle.

APHIS' regulations regarding overtime services and user fees relating to imports and exports are found in 7 CFR part 354. The user fees for the AQI activities described above are contained in § 354.3, "User fees for certain international services."

In an interim rule published in *Federal Register* on December 9, 2004 (69 FR 71660–71663, Docket No. 04–042–1), and effective on January 1, 2005, we amended the user fee regulations in § 354.3 by adjusting the fees charged for certain AQI services provided by APHIS and the Customs and Border Protection (CBP) bureau of the Department of Homeland Security in connection with certain commercial vessels, commercial trucks, commercial railroad cars, commercial aircraft, and international airline passengers arriving at ports in the customs territory of the United States. The AQI user fees contained in that interim rule covered fiscal years (FY) 2005 through 2010. A final rule affirming the interim rule without change was published in the *Federal Register* on August 24, 2006 (71 FR 49964–49966, Docket No. 04–042–2). Those fees are still in effect today. We published an interim rule to increase AQI fees 10 percent across the board on September 26, 2009 (74 FR 49311–49315, Docket No. APHIS–2009–0048), but withdrew that interim rule before it

became effective in order to explore other regulatory alternatives.

#### Introduction

The AQI fees have not been adjusted since FY 2010 and do not reflect the current cost of providing AQI services. In addition, the AQI fee reserve account has decreased because fees collected have not been sufficient to cover current costs, in part due to the recent economic recession. As a result, CBP has relied more heavily on its appropriated funds to supplement fee revenue.

APHIS recently conducted a comprehensive fee review to determine the current cost of specific AQI services supported by these fees. That review determined that the AQI program was not recovering the full cost of its fee services, including costs of administering the user fee program and maintaining a reasonable reserve in the fee accounts. Some of this non-recovery is because most of the current fees do not accurately reflect the current full cost of the services related to those fees. However, some of this non-recovery is also due to prior APHIS policy decisions to:

- Cap fees collected for commercial trucks (with transponders), commercial vessels, and commercial railroad cars;
- Exempt certain commercial vessels, commercial trucks, commercial railroad cars, commercial aircraft, and international passengers as authorized in AQI regulations;
- Exempt international passengers arriving as rail passengers, bus passengers, in privately owned vehicles (POV), private aircraft, and private vessels; and
- Exempt individuals arriving as pedestrians.

The fee caps refer to current AQI user fee regulations that limit the number of times a specific truck (with transponder), vessel, or railroad car must pay the AQI fee in a given year.

As part of the AQI fee review, we reviewed the financial and workload implications of those caps. We also considered the financial, workload, and policy implications of creating new fees for international passengers arriving by cruise ship, bus, private vehicle, private aircraft, and private vessel, and for pedestrians. We also considered the financial, workload, and policy implications of establishing fees for commodity (plant and plant product) import permits, pest import permits, and conducting and monitoring treatments.

Based on the findings of the AQI user fee review, we are proposing to amend the AQI user fee regulations to reflect the projected cost of providing AQI

services, including expected changes in cost and workload for the period the revised fees will be in effect.

Specifically, we are proposing for:

- Adjust the fees charged for the following conveyances or persons to whom AQI services are provided: Commercial vessels, commercial trucks, commercial railroad cars, commercial aircraft, and international air passengers. However, because commercial truck inspections have separate fees for trucks with and without decals (transponders), we are actually proposing to adjust a total of six current fees.

- Add a new fee to be charged for international commercial sea (cruise vessel) passengers, who were previously funded through fees collected for commercial vessels. The FACT Act gives APHIS authority to charge a fee for all international passengers.

- Add a new fee for conducting and monitoring treatments, which is a significant cost that should be paid by those who use and benefit from these services.

- Remove the caps for vessels and railcars.
- Adjust the caps on fees for trucks with transponders.

These proposed adjustments are designed to recover the full cost of providing these AQI services, commensurate with the class of persons or entities paying the fees, and are based on an analysis of our costs for providing services in FY 2010 and FY 2011, as well as our best projections of what it will cost to provide these services in FYs 2013 through 2016. The proposed adjustments will also allow us to maintain the AQI reserve account. These user fee adjustments are necessary to recover the costs of the current level of activity, to account for actual and projected increases in the cost of doing business, and to more accurately align fees with the costs associated with each fee service.

AQI services are provided by a combination of APHIS and CBP personnel. Because of this arrangement, the AQI user fees collected will be shared with CBP based on the related respective costs for each agency.

#### AQI User Fee Accounting

We maintain all AQI user fees that we collect in a distinct account. We carefully monitor the balance in this account and use these funds to pay for our actual costs for providing these distinct AQI services. Any surpluses in the various AQI accounts carry forward from year to year. The AQI user fees are not subject to appropriation by Congress, although actual collections

and estimates of future collections are expressed in each year's President's Budget. Collected funds are available until expended to fund appropriate AQI activities.

#### AQI Program Costs

For AQI user fee purposes, we are required to capture the full cost of the AQI services that we provide. This is required by:

- The FACT Act;
- Office of Management and Budget (OMB) Circular A-25, User Charges;
- Statement of Federal Financial Accounting Standards #4 (SFFAS #4), Managerial Cost Accounting Standards and Concepts;
- OMB Circular A-11, Preparation, Submission, and Execution of the Budget; and
- The Chief Financial Officers (CFO) Act.

Full cost includes programmatic costs and overhead costs as well as imputed costs, which are costs (such as certain current benefits costs and future retirement costs and other post-employment benefits) paid by agencies other than APHIS and CBP. OMB Circular A-25 and SFFAS #4 require the inclusion of imputed costs when determining the full cost of an output, such as an AQI service, so that the full cost to the Federal Government is recovered. Full cost also includes depreciation costs related to facilities and equipment used in delivering AQI services.

#### APHIS Costs

AQI program costs incurred by APHIS include:

- Direct charge costs;
- Program delivery related costs (known as distributable costs) at the State level and below, at the regional and headquarters levels, the APHIS agency level, and the U.S. Department of Agriculture (USDA) departmental level (these costs are described in greater detail below); and
- Depreciation and other imputed costs.

As part of our accounting procedures, we maintain separate accounting codes to record costs that can be directly charged to an AQI activity. APHIS functions that are directly charged to AQI accounts include salary and benefits and other costs (e.g., travel, supplies, rents, and equipment) for various personnel, including:

- Personnel in plant inspection stations inspecting propagative materials (e.g., seeds and bulbs) and conducting and monitoring treatments;
- Personnel performing pest identification services (insects, pathogens, plants);

- Personnel performing investigative, enforcement, and smuggling interdiction and trade compliance activities;

- Personnel performing risk analysis, science and technology, policy development, training, and methods development activities relating to AQI work; and

- Personnel performing training of CBP Agricultural Specialists, CBP Officers, and CBP Agriculture Specialist Canine Officers.

Other program delivery related costs that cannot be directly charged to individual AQI accounts are charged to distributable accounts established at the State, regional, headquarters, agency, and departmental levels. These costs are driven to the AQI activities using staffing level (full time equivalents or FTE) counts as the cost driver. This then provides for a "fully loaded" activity cost. The activity costs are then driven to program outputs (such as inspections) based upon work counts.

Distributable accounts typically contain the following types of costs: Salaries and benefits, utilities, rent, telephone, vehicles, office supplies, etc. The costs in these distributable accounts are distributed within the APHIS accounting system to all the programs and activities that benefit from the expense. This is based on a formula under which the costs that are directly charged to each activity are divided by the total costs directly charged to each account. For example, if a work unit performs work on both domestic programs and AQI user fee programs, the distributable account costs are allocated to each of these programs based on the percentage of the costs directly charged to that activity.

Headquarters-level costs include costs for employees of APHIS' Plant Protection and Quarantine (PPQ) and International Services (IS) programs who are based at those programs' headquarters in Riverdale, MD, and Washington, DC. We incur agency-level support costs through activities that support APHIS, such as recruitment and development; legislative and public affairs; regulation development; regulatory enforcement; and budget, accounting, payroll, purchasing, billing, and collection services. Departmental charges are assessed for various AQI program costs including Federal telephone service, mail, processing of payroll and money management, unemployment compensation, Office of Workers Compensation Programs, and central supply for storing and issuing commonly used supplies and forms. Because the agency and department level costs are costs for all of APHIS, we

assign a proportional amount to the AQI program, primarily based on the staffing level used in the AQI program.

Imputed costs include Office of Workers' Compensation costs from the Department of Labor; costs of employee leave earned in a prior fiscal year and used in the current fiscal year; headquarters space operation and maintenance costs; Office of Personnel Management (OPM) and State Department costs to provide retirement, health, and life insurance benefits to employees; unemployment compensation costs; and Department of Justice judgment fund costs. Fee revenue collected that is based on imputed costs is not retained in the AQI account but is forwarded to the U.S. Treasury.

#### CBP Costs

CBP program costs are similar to those for APHIS. CBP costs that are directly charged to AQI activities include salaries and benefits for CBP Agriculture Specialists, CBP Officers, CBP Agriculture Specialist Canine Officers, supervisors (such as port directors), CBP Technicians, and mission support staff; equipment and supplies used in connection with services subject to AQI user fees; contracts used for AQI services; and large supply items such as uniforms, laboratory and examination equipment, and non-intrusive inspection equipment used for AQI services.

CBP activities that are directly charged to AQI accounts include various personnel at ports of entry, headquarters, and field offices, including:

- Personnel deployed to international airports and seaports to perform regulatory enforcement activities that include:
  - Processing for entry of passengers, baggage, and personal effects;
  - Examination for entry of aircraft, containers, and vessels;
  - Administration of wood packaging material and regulated garbage compliance monitoring activities; and
  - Examination for entry of commercial cargo and parcels.
- Personnel deployed to land border ports of entry to perform regulatory enforcement activities including examination for entry of commercial trucks, railcars, containers, and commercial cargo and parcels.
- Personnel conducting pre-arrival analysis, targeting, and selection for examination of baggage, commodities, conveyances, packages, etc., that present a risk to American agriculture and natural resources; including agricultural and biological terrorism agents.

• Personnel providing expert guidance, training, and technical advice to CBP Officers, other CBP personnel, trade, industry, and other stakeholders on regulatory requirements pertaining to

compliance with agricultural regulations and the processing of agriculture-related cargo and material.  
 • Personnel performing pre-academy training for CBP Agriculture Specialists, other CBP

personnel, and the performance of recruitment and agriculture-related outreach.

Summary level costs for APHIS and CBP are shown in table 1 below.

TABLE 1—FY 2011 ESTIMATED COSTS BY CATEGORY AND AGENCY

Cost category	APHIS	CBP	Total
Direct	\$140,210,651	\$418,647,765	\$558,858,416
Overhead	12,220,530	223,776,057	235,996,587
Imputed	12,572,451	53,764,878	66,337,329
<b>Total</b>	<b>165,003,632</b>	<b>696,188,700</b>	<b>861,192,332</b>

*AQI Cost Analysis*

In order to determine the current cost of AQI services and understand the potential impact of alternative fee schedules, we first calculated the costs of the current AQI program by fee category, using the activity-based-costing (ABC) methodology. We were then able to project volumes and perform detailed cost analysis for potential changes to the AQI fee schedule. This cost modeling effort included developing historical cost information using FY 2010 and FY 2011 financial and workload data to provide the full cost of AQI activities and outputs. We used the ABC methodology because it supports the philosophy of full cost recovery, provides the functional elements and data for cost and business process analysis, and complies with regulatory guidance regarding full cost recovery.

ABC uses a two-step methodology to assign an organization's costs to its work activities and then to its related outputs. Costs are those things on which an organization spends its budget, such as salaries and benefits for employees, rent, equipment, etc. Work activities are the various endeavors that people in the organization undertake (e.g., air passenger inspection, pest identification), and outputs are the goods or services that the organization produces through its activities.

In the first step of ABC, we assigned costs to activities using resource drivers, which typically represent a cause-and-effect relationship to establish how much of a resource is consumed by each activity. For example, if an organization spends 10 percent of its effort performing a particular activity, we assigned 10 percent of certain costs (e.g., salary and benefits) to that activity because the level of effort is a good indicator of resources consumed. In support of this step, we conducted an activity labor survey for APHIS State, regional, and headquarters organizations

to estimate the level of effort devoted to AQI activities. We also incorporated activity cost information for CBP from their existing cost model.

In the second step, we assigned APHIS and CBP activity costs to the outputs produced by performing the activities. We performed this cost assignment using activity drivers, again based on a cause-and-effect relationship. For example, if an activity is performed for more than one type of output, we assigned the cost of the activity to the outputs proportionately based on the workload data (volume) associated with each output. We used workload data from several APHIS and CBP systems as the activity drivers.

While our AQI cost model design is based on the standard ABC methodology, it also incorporated several additional cost assignment layers to provide more transparent cost assignment and reporting. This included identifying and costing outputs at levels that were more detailed than necessary to capture costs just at current fee service levels. For example, we separately determined the cost of APHIS and CBP outputs and then combined this information to develop cost information for overall AQI services. This then provided us with flexibility for restructuring the AQI fee schedule. We also calculated expected future costs and workload and added those to the base to estimate the total costs and workload for the future periods when the new fees are expected to be in effect.

The data for the AQI cost analysis came from financial and program workload information in standard APHIS and CBP records. The financial data included direct program costs and overhead costs previously discussed. This data was previously captured by those agencies to comply with other requirements. CBP already had a detailed cost model for its activities, and we used cost data from the CBP cost model. As noted above, we used a

detailed labor survey to determine the cost of APHIS activities.

Then, in accordance with Office of Management and Budget Circular, A-25 "User Charges," and OMB Statement of Federal Financial Accounting Standards, Number 30, "Managerial Cost Accounting Standards and Concepts," we identified and added an appropriate amount of imputed costs. These are costs borne by other Federal agencies (such as the U.S. Treasury and the Office of Personnel Management) in support of the AQI program. We used employee costs as the basis to identify the portion of these costs to attribute to the AQI program.

We calculated APHIS depreciation by identifying equipment-related depreciation expenses. For APHIS-owned buildings where AQI work is performed, we used an appropriate portion (based on percent of work done in the building that was AQI) of the total depreciation for those buildings. CBP provided depreciation data for CBP-owned facilities and capital equipment based on similar calculations.

When the AQI cost model was completed, we were able to determine the actual costs of each of the current AQI services, as shown in the table below. By matching these costs with the workload volumes for each AQI fee service, we were also able to calculate the unit cost of each output. We were also able to determine the more detailed costs associated with all classes of passengers and treatments. Table 2 shows the FY 2011 baseline costs by service activity that resulted from this AQI cost analysis.

TABLE 2—AQI FY 2011 BASELINE COSTS

Fee service activity	2011 Actual cost
Air Passenger	\$291,434,620
Cruise Ship Passenger	20,205,868
Rail Passenger	1,630,302
Bus Passenger	23,091,799

TABLE 2—AQI FY 2011 BASELINE COSTS—Continued

Fee service activity	2011 Actual cost
POV Passenger .....	129,489,305
Pedestrian .....	34,664,442
Commercial Aircraft .....	156,242,180
Commercial Maritime	
Cargo Vessel .....	91,152,480
Commercial Truck .....	73,529,394
Commercial Cargo Rail- car .....	5,150,595
Private Aircraft .....	11,371,985
Private Maritime Vessel .....	4,940,099
Treatments .....	14,324,472
Military Clearance Oper- ations .....	3,964,821
Total .....	861,192,332

To project costs beyond FY 2011, we considered two changes to these baseline costs. The first change was any initiative which would increase APHIS or CBP costs in those years. Both APHIS and CBP have implemented various initiatives aimed at reducing redundancy in data input requirements for importers, increasing transparency, reducing wait times or expediting inspections, and eliminating or

changing treatment requirements. The APHIS initiatives are:

- A Web-based permit system that allows users to submit permit applications, track applications, apply for renewals and amendments, and receive copies of their import/interstate movement/transit/release permits.
- AQI outreach, an effort to provide information and education to travelers and importers in order to reduce the risk of bringing prohibited agricultural items into the United States.
- Critical upgrades to plant inspection station equipment that will enable us to do plant inspections more effectively.
- A more robust risk assessment capacity that will enable APHIS to increase its capacity to perform risk assessments through increasing the quality and reliability of its data.
- Development of new treatment techniques by APHIS scientists that can be used on agricultural products coming into the United States. These methods can save cost and time as well as reduce the risk of invasive pests entering the country.

The CBP initiatives are:

- Border security supplemental, which is related to a FY 2010 law intended to bolster border security, specifically along the U.S./Mexican border, and represents the AQI cost associated with the law. The initiative funding supports Federal agents, judges, courts, and other various agencies.
  - Increase in the journeyman grade for CBP Officers, CBP Agriculture Specialists, and Border Patrol Agents to account for increasing scope of responsibilities of officers and agents and to bring parity across Federal agencies. The AQI fee review incorporated journeyman upgrade costs specifically related to AQI.
  - National Targeting Center that filters advanced information on people and products to identify threats and risks and allows CBP to target higher risk trade and travelers for detailed inspection prior to their arrival at a U.S. port of entry.
  - Address increased activity at ports of entry by hiring additional personnel.
- The data for these initiatives came from APHIS and CBP budget offices and is shown in Table 3.

TABLE 3—APHIS AND CBP INITIATIVES

Future Initiatives	2012	2013	2014	2015	2016
<b>APHIS</b>					
Web-based permits system .....	\$1,200,000	\$1,204,680	\$1,226,364	\$1,237,278	\$1,246,291
AQI outreach .....	5,000,000	5,019,500	5,109,851	5,155,329	5,201,211
Plant inspection station equipment .....	23,600	23,692	24,118	24,333	24,550
Risk assessment capacity .....	120,000	120,466	122,636	123,728	124,829
Treatment development .....	180,000	180,702	183,955	185,592	187,244
<b>CBP</b>					
Border security supplemental .....	5,676,640	5,676,640	5,773,143	5,802,009	5,831,019
Journeyman increase .....	38,550,379	38,550,379	39,205,735	39,401,784	39,598,773
National Targeting Center .....	6,895,000	6,919,133	7,042,985	7,102,850	7,163,225
Port of entry staff expansion .....	7,752,437	7,752,437	7,884,228	7,923,649	7,963,267
Totals .....	65,398,056	65,447,630	66,573,016	66,956,533	67,342,408

The second change that we considered in calculating future costs was projected cost growth. Table 4 shows the growth rates used to project future cost increases. These growth rates represent guidance provided by OMB for use in developing budgets and other forecasts of future costs. They are broken out by payroll and non-payroll costs, and we applied them accordingly to the baseline costs and initiatives.

TABLE 4—GROWTH RATES

Fiscal year	Payroll (percent)	Non-payroll (percent)
2012 .....	0.0	1.3
2013 .....	0.0	1.6
2014 .....	1.7	2.1
2015 .....	0.5	2.1
2016 .....	0.5	2.1

Based on these growth rates, we projected the costs shown in Table 5 for FYs 2014 through 2016.

TABLE 5—PROJECTED COSTS FYS 2014 THROUGH 2016

Fee service activity	2014	2015	2016
Air passenger .....	\$322,591,452	\$324,966,116	\$327,426,378

TABLE 5—PROJECTED COSTS FYS 2014 THROUGH 2016—Continued

Fee service activity	2014	2015	2016
Sea passenger .....	22,421,487	22,589,194	22,758,727
Rail passenger .....	1,805,242	1,818,103	1,831,085
Bus passenger .....	25,573,198	25,758,827	25,946,311
POV passenger .....	143,333,256	144,384,916	145,447,319
Pedestrian .....	38,357,661	38,635,543	38,916,167
Commercial aircraft .....	170,836,038	172,855,461	174,912,526
Commercial maritime .....	99,783,440	100,995,859	102,232,305
Commercial truck .....	81,018,003	81,789,820	82,573,152
Commercial cargo railcar .....	5,679,995	5,732,572	5,785,904
Private aircraft .....	12,602,768	12,680,860	12,773,754
Private maritime vessel .....	5,486,025	5,528,987	5,568,398
Treatments .....	15,086,074	15,421,466	15,765,008
Military clearance .....	4,331,642	4,371,639	4,412,236
<b>Total</b> .....	<b>948,906,281</b>	<b>957,567,365</b>	<b>966,365,270</b>

**Volume Projections**

To develop potential fee scenarios, we also projected workload growth and resulting workload volumes for each fiscal year from 2013 to 2016. We were able to identify FY 2011 and 2012 actual workload from data previously captured by APHIS and CBP. To forecast expected changes in imports and tourist traffic across the nation's borders, we researched a variety of data sources and used the following:

- We used projections from the International Air Transport Association Industry Forecast Summary Report to project air passengers and air cargo.
- We used projections from a market research site, Cruise Market Watch, to project sea passengers.
- We used a U.S. Department of Transportation report that forecast the number of border crossings by mode of traffic at selected ports of entry and extrapolated to get projections for pedestrians and POV and bus passengers.

- We used a USDA report on Agricultural Sector Aggregate Indicators to project maritime cargo, truck cargo, rail cargo, mail packages, commodity import permits, and treatments.

- We did not forecast any changes for rail passengers, private aircraft, or private sea vessels because a change rate for these conveyances cannot be tied to any import data or other independent variable.

Table 6 shows the resulting volumes for the various fee service activities.

TABLE 6—WORKLOAD PROJECTIONS, FYS 2013 THROUGH 2016

Fee	2011 Actual count	2012 Actual count	Expected changes (annual)	2013	2014	2015	2016
Air passenger .....	78,901,506	77,255,476	3.60%	80,036,673	82,917,993	85,903,041	88,995,551
Sea passenger .....	12,931,271	13,532,465	3.15	13,958,738	14,398,438	14,851,989	15,319,826
Rail passenger .....	276,722	276,855	—	276,855	276,855	276,855	276,855
Bus passenger .....	5,222,788	5,318,382	-1.69	5,229,501	5,140,140	5,053,271	4,967,371
POV passenger .....	169,834,015	175,428,545	0.76	176,761,802	178,105,192	179,458,791	180,822,878
Pedestrian .....	40,609,235	41,375,736	-3.49	39,931,723	38,538,106	37,193,126	35,895,086
Commercial aircraft .....	700,644	719,251	3.60	745,144	771,869	799,760	828,551
Commercial maritime cargo vessel .....	101,794	113,727	3.15	117,309	121,005	124,816	128,748
Commercial truck .....	10,348,791	10,664,770	3.83	11,073,231	11,497,335	11,937,683	12,394,897
Commercial cargo railcar .....	2,912,210	3,230,167	3.83	3,353,882	3,482,336	3,615,710	3,754,191
Private aircraft .....	121,221	116,240	—	116,240	116,240	116,240	116,240
Private maritime vessel .....	80,529	80,949	—	80,949	80,949	80,949	80,949
Treatments .....	29,713	36,517	5.36	40,582	42,757	45,048	47,463

**Fee Computation**

With the total costs and the workload projections, we were able to project fee requirements for each potential fee service activity. However, in addition to the fee revenue required to cover current and projected AQI service costs, we need to generate revenue to replenish the AQI account reserve. The reserve components were established simply by rounding up the raw fee calculations (projected unit cost) for each fee. All projected unit costs less

than \$10 were rounded up to the next \$1, and all unit costs greater than \$200 were rounded up to the next \$25. No proposed fees fall between \$10 and \$200. This approach provides a proportionate rounding for all fees. We then calculated the estimated number of days that the reserve could support costs on a noncumulative basis. We estimate that by the end of FY 2016 the AQI reserve will have approximately a 90 day reserve, which is consistent with our established AQI fund reserve policy.

**Proposed Fee Amounts**

APHIS is proposing significant changes to the AQI user fee structure and the fee rates. As previously mentioned, we employed activity based costing (ABC) as our methodology to determine the cost of AQI services, and this information, along with other factors, was used to define an appropriate fee structure and fee rates. The ABC methodology is a derivative of the managerial cost accounting, which is recommended by OMB and

Government Accountability Office guidance on government fee setting. Previously, APHIS relied on an estimation methodology to determine the fee rates, and we believe that the estimation methodology did not provide enough information to properly establish the correct fee structure and fee rates. We also believe that the use of the ABC methodology provides significantly greater accuracy and transparency in fee setting. The use of ABC has enabled APHIS to more accurately identify the true costs of providing each of the AQI services.

The costs incurred by both APHIS and CBP have been analyzed using the ABC methodology. APHIS was able to determine activity costs for each AQI

service by collecting related financial and workload data for APHIS and CBP, and using this information to properly assign AQI program costs to each activity. The AQI program costs include program delivery activities such as inspections, inspection targeting analysis, staff training, plant and pest identification, and risk assessments. The majority of activity costs are for salary and benefits, but they also include costs such as the training of CBP Agriculture Specialists, CBP Officers, training and care of CBP Agriculture Specialist Canine Officers and canines, replacement or new equipment, utilities, rent, replacement or new vehicles, and office supplies; and imputed costs that APHIS and CBP are

responsible for recovering such as workman's compensation, health, retirement, and life insurance benefits.

Using the data and methodology discussed above, we calculated the proposed fees shown in table 7. Each fee service activity is explained in greater detail in the paragraphs that follow. If these proposed fees become effective, we would continue to monitor the costs of AQI services, our collections, and the level of the reserve and would undertake rulemaking to adjust the fees if we determined that costs were not being appropriately recovered or the reserve levels were on a path to be either greater or less than our established AQI fund 90-day reserve policy.

TABLE 7—PROPOSED FEES

Fee service activity	Current	Proposed
Air passenger .....	\$5 .....	\$4
Commercial aircraft .....	70.75 .....	225
Commercial maritime cargo vessel .....	496 .....	825
Commercial truck .....	5.25 .....	8
Commercial truck transponder .....	105 .....	320
Commercial cargo railcar .....	7.75 .....	2
Sea passenger .....	no fee .....	2
Treatments .....	no fee .....	375

*Air passenger.* Millions of travelers pass through U.S. airports daily. Inspecting air passengers includes pre-arrival analysis of incoming passengers and screening arriving air passengers for agricultural products by CBP Agriculture Specialists and CBP Officers; inspection of passenger baggage using CBP agriculture canines and specialized non-intrusive inspection equipment; inspecting the interior of the passenger aircraft, monitoring the storage and removal of regulated international garbage from the aircraft to ensure consistency with all regulatory requirements; safeguarding and appropriately disposing of any seized or abandoned prohibited agricultural products; and identifying pests found on prohibited agricultural products brought into the country by air passengers. The ABC data indicated that the current fee was going to generate revenues in excess of what will be required to support anticipated costs. As a result, we are proposing a 20 percent decrease in this fee (from \$5 to \$4) to better align the fee with the cost of activities related to air passengers.

*Commercial aircraft.* We also inspect international commercial aircraft arriving at airports in the customs territory of the United States. Inspecting commercial aircraft includes reviewing manifests and documentation

accompanying incoming cargo; targeting higher risk cargo for inspection or clearance; inspecting various types of agricultural and agricultural-related commodities, international mail, expedited courier packages, containers, compliant wood packaging material, and packing materials to screen for the presence of plant pests and contaminants, compliance with regulations, and determining entry status; inspecting the aircraft hold or exterior for contaminants, pests, or invasive species; monitoring the storage and removal of regulated international garbage from the aircraft to ensure consistency with all regulatory requirements; identifying pests found during inspection; and safeguarding shipments pending PPQ determination for treatment or final disposition. The ABC data indicated that the current fee being charged does not reflect the actual costs incurred in the performance of those activities and would result in a significant shortfall in what will be required to cover the anticipated costs of this activity. Accordingly, we are proposing a 218 percent increase in this fee (from \$70.75 to \$225) to more accurately align the fee with the actual cost of activities related to commercial aircraft inspection described above as those costs were identified using our ABC methodology.

*Commercial maritime cargo vessel.* We inspect commercial vessels of 100 net tons or more arriving at ports of entry into the customs territory of the United States. Inspecting commercial maritime cargo vessels involves reviewing manifests and documentation accompanying incoming cargo; targeting higher risk cargo for inspection or clearance; inspecting various types of agricultural and agricultural-related commodities, containers, compliant wood packaging material, and packing materials to screen for the presence of plant pests and contaminants, compliance with regulations, and determining entry status; inspecting the vessel to ensure that contaminants, pests, or invasive pests are not present or are properly safeguarded; inspecting the ship's stores to ensure that prohibited items are not present; monitoring the storage and removal of regulated international garbage from the vessel to ensure consistency with all regulatory requirements; identifying pests found during inspection; and safeguarding shipments pending PPQ determination for treatment or final disposition. The current regulations cap the number of arrivals for which a single vessel would be charged at 15 per calendar year, i.e., a vessel is not charged for its 16th or subsequent arrival in any 1 year. The ABC data

indicated that the limitation on collections imposed by the cap, as well as the amount of the current fee, was going to lead to a shortfall in what will be required to support anticipated costs. As a result, we are proposing to remove the 15-arrival cap and increase the fee by 71 percent (from \$496 to \$825) to align the fee with the cost of activities related to commercial maritime cargo vessels.

**Commercial truck.** We inspect commercial trucks arriving at land ports in the customs territory of the United States from Mexico and Canada. Inspecting trucks involves reviewing manifests and documentation accompanying incoming cargo; targeting higher risk cargo for inspection; inspecting various types of agricultural and agricultural-related commodities, compliant wood packaging material, and packing materials to screen for the presence of plant pests and contaminants, compliance with regulations, and determining entry status; inspecting the truck and conveyance for contaminants, pests, or invasive species; identifying pests found during inspection; and safeguarding shipments pending final determination for treatment or final disposition. The ABC data indicated that the current fee was going to result in a shortfall in what will be required to support anticipated costs. As a result, we are proposing a 52 percent increase in this fee (from \$5.25 to \$8) to align the fee with the cost of activities related to commercial trucks.

**Commercial truck transponder.** We estimate that the use of transponders corresponds to a 10 minute reduction in the border crossing time for trucks. The proposed fee will maintain an incentive for trucks to continue the use of transponders while recovering a greater portion of the Government's cost to provide inspection services. Based on data about how many times a commercial truck with a responder came into the country, we propose to increase the truck transponder fee from 20 to 40 times the individual truck fee. We are proposing this change based on our analysis indicating that trucks with transponders cross an average of 106 times per year. Increasing the truck transponder fee to 40 times the individual truck fee, along with the increase in the commercial truck fee, results in an increase of 205 percent (from \$105 to \$320) for the transponder fee.

**Commercial cargo railcar.** We inspect loaded commercial railroad cars arriving at land ports in the customs territory of the United States from Mexico and Canada. Inspecting railcars involves reviewing manifests and documentation

accompanying incoming cargo; targeting higher risk cargo for inspection or clearance; inspecting various types of agricultural and agricultural-related commodities, containers, compliant wood packaging material, and packing materials to screen for the presence of plant pests and contaminants, compliance with regulations, and determining entry status; inspecting the railcars for contaminants, pests or invasive species; identifying pests found during inspection; monitoring the storage and removal of regulated international garbage from the railcar to ensure consistency with all regulatory requirements; and safeguarding shipments pending PPQ determination for treatment or final disposition. The ABC data indicated that the current fee was going to generate revenues significantly in excess of what will be required to support anticipated costs. Accordingly, we are proposing a 74 percent decrease in this fee (from \$7.75 to \$2) to align the fee with the cost of activities related to commercial cargo railcars.

We also analyzed those fee service activities for which there was not currently a fee even though significant workload and/or costs were being generated:

**Sea passenger.** Inspecting a cruise vessel and its passengers includes pre-arrival analysis of incoming passengers; screening arriving sea passengers for agricultural products by CBP Agriculture Specialists and CBP Officers; inspection of passenger baggage using CBP agriculture canines and specialized non-intrusive inspection equipment; inspection of the vessel itself to ensure that contaminants, prohibited articles, or invasive pests are not present; inspecting the ship's stores to ensure that prohibited items are not present or are properly safeguarded; and monitoring the storage and removal of regulated international garbage from the vessel to ensure consistency with all existing regulatory requirements. (Consistent with our AQI fee authority, the costs of inspecting the cruise ships themselves would be covered by the proposed sea passenger fee rather than a separate fee similar to the commercial maritime cargo vessel fee, just as the international air passenger user fee covers the costs associated with inspecting the aircraft on which they arrived.) We also analyze information that allows us to perform targeted inspections in order to reduce the risk of a dangerous plant, plant pest, contaminant, or foreign animal disease from entering the United States. This information is used in our training and in the development of inspection

guidance and policies. Similar information is used extensively by CBP to help distinguish levels of risk. We believe that this effort helps us to provide the highest level of protection at the lowest cost. No fees are currently collected for this category of passenger. Based on the costs associated with inspecting these passengers (projected at approximately \$22.4 million to \$22.8 million in FYs 2014 to 2016, as noted in table 5 above) and the ease of collection from the direct beneficiary (i.e., the passenger) through the sea vessel ticket, we are proposing to implement a \$2 user fee, which is sufficient to recover the projected costs of this AQI activity. This new fee would allow us to recover the costs associated with this inspection activity.

The new sea passenger user fee would be added to paragraph (f) of § 354.3, which currently contains the provisions regarding the airline passenger AQI user fee, as the collection and remittance procedures for both the sea passenger and airline passenger user fees would be the same. The current regulations provide an exemption from the payment of user fees for the crew members on duty on an arriving aircraft; we would make the same exemption for crew members on duty aboard an arriving cruise ship. Similarly, the current regulations provide that airlines will not be charged reimbursable overtime for passenger inspection services required for any aircraft on which a passenger arrived who has paid the international passenger AQI user fee for that flight. We would provide the same limitation on overtime charges for cruise lines.

**Treatments.** Treatments are performed on some agricultural goods as a condition of entry, and others are performed when an actionable pest (i.e., a plant pest that should not be allowed to be introduced into or disseminated within the United States) is detected during a port-of-entry inspection. The objective of these AQI treatments is to ensure that agricultural goods and commodities entering the United States are free from viable plant pests and noxious weeds that would pose a risk to the health of the U.S. domestic agriculture and natural resources. Treatment methods include fumigation, cold treatment, irradiation, and heat treatment. APHIS activities related to the application of AQI treatments include personnel determining the appropriate treatment schedule, monitoring the treatment to ensure it is conducted as specified so that the treatment takes place in the prescribed manner, and determining whether the treatment was successful. These AQI services focus on ensuring the

effectiveness of a given treatment regardless of its methodology. While AQJ treatments are usually provided by private entities who charge the importer for their services, from time to time APHIS will provide the treatment, especially for propagative materials. We also develop new methods of treatments. These methods increase the effectiveness of treating agricultural goods and reduce the risk of dangerous pests entering the United States. No fees are currently collected for this activity.

Based on our analysis of the costs (projected at approximately \$15 million to \$15.8 million in FYs 2014 to 2016, as noted in table 5 above) and the relative ease of collection when the treatment is ordered, we are proposing a \$375 fee for each treatment. The AQJ treatment fee is designed to recover the costs of APHIS services for monitoring the treatment to ensure it is conducted as specified so that the treatment takes place in the prescribed manner and determining whether the treatment was successful. Should a treatment prove unsuccessful and have to be reapplied, that subsequent AQJ treatment would also be subject to an AQJ treatment fee, as APHIS incurs costs by providing AQJ treatment-related services regardless of the success or failure of the treatment. Similarly, if there was a particularly large consignment that had to be treated in two or more lots, each lot would be subject to an AQJ treatment fee. Finally, along those lines, if there were two or more small consignments from different importers that required the same treatment and could be combined and treated together at the same time, there would be only one AQJ treatment fee charged, with each importer being responsible for a share of that fee.

The provisions for the payment of AQJ user fees for conducting and monitoring treatments would be added to § 354.3 as a new paragraph (h). Most treatment services are provided by private companies that charge importers a fee for their services. Because those companies are already invoicing the importers whose consignments are being treated, we are proposing that the treatment companies would also collect the AQJ user fee and subsequently remit the fee to APHIS. This is the same model used for the collection of the AQJ user fees for international airline passengers and that we are proposing to use for cruise ship passengers. In those instances where APHIS itself performs the treatment, we would collect the fee directly from the importer for whom the treatment is being provided.

#### *Other Fees Considered*

APHIS considered, but is not proposing at this time, fees for the following AQJ services:

- **Rail passenger:** No fees are currently collected for this category of passenger. Because the total cost is less than \$2 million, and there would be additional cost of creating and operating fee collections, we are not proposing any fees for this category of passenger.
- **Bus passenger:** No fees are currently collected for this category of passenger, even though annual costs are over \$25 million for this service. We considered proposing a new bus passenger fee, but recognized that this would require establishing the infrastructure and process for bus companies to collect and remit the fees since CBP does not have a comparable fee. In addition, the barriers for entry into the bus passenger industry are much lower compared to air and cruise vessel industries. As a result, there are more bus companies entering and exiting the industry, which would make fee collection and monitoring difficult. However, we intend to gather additional information to determine if there are other ways to collect this fee in the future, which would be addressed through a future rulemaking.
- **POV passenger:** No fees are currently collected for this category of passenger, even though annual costs are over \$160 million. The high cost of creating and operating fee collections, and considerations about potential backups of POVs at the ports of entry, led us to recommend that POV passengers continue to not be subject to an AQJ user fee.
- **Pedestrians:** No fees are currently collected for the inspection of pedestrians arriving in the United States, even though the annual costs are over \$38 million for this service. The high cost of creating and operating fee collections and considerations about potential backups of pedestrians at the ports of entry led us to recommend that arriving pedestrians continue to not be subject to an AQJ user fee at this time.
- **Private aircraft:** No fees are currently collected for the inspection of private aircraft and their passengers. The cost of less than \$13 million, and the additional cost of creating and operating fee collections, led us to recommend that private aircraft and their passengers continue to not be subject to an AQJ user fee.
- **Private maritime vessel:** No fees are currently collected for the inspection of private maritime vessels and their passengers. The cost of less than \$6 million, and the additional cost of

creating and operating fee collections, led us to recommend that private maritime vessel passengers continue to not be subject to an AQJ user fee.

- **Commodity import permit:** No fee is currently charged for commodity import permits. We considered establishing a separate fee, but concerns about the impact on importers and relationships with trading partners led us to not propose this fee.

- **Pest import permit:** No fee is currently charged for pest import permits. We considered establishing a separate fee, but we did not want to discourage the research associated with pest import permits because this research benefits United States agriculture and ecosystem overall. Accordingly, the costs of these AQJ services will continue to be covered through appropriated funding.

#### **Periodic Updates to User Fees**

The Department is seeking public comment on the frequency and methodology for updating the AQJ user fees. Currently there is no established schedule for updating the fees, which has led to long gaps between updates and substantial increases in fees when updates are made. The Department is particularly interested in comments on whether fees should be updated more frequently, e.g., every 2 years, and whether the updates should be made through a rulemaking or some other means such as a notice-based process that provides an opportunity for public comment. We are also interested in comments regarding the possibility of phasing in the updated fees when there may be an economic hardship due to long gaps between updates or, as in the case with this proposed rule, a comprehensive review to determine the current cost of specific AQJ services indicates that the AQJ program is not recovering the full cost of its fee services.

#### **Executive Orders 12866 and 13563 and Regulatory Flexibility Act**

This proposed rule has been determined to be economically significant for the purposes of Executive Order 12866 and, therefore, has been reviewed by OMB.

We have prepared a regulatory impact analysis (RIA) for this rule. The RIA provides a cost-benefit analysis, as required by Executive Orders 12866 and 13563, which direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic,

environmental, public health and safety effects, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. The RIA also provides an initial regulatory flexibility analysis that examines the potential economic effects of this rule on small entities, as required by the Regulatory Flexibility Act. The RIA is summarized below. Copies of the full analysis are available by contacting the person listed under **FOR FURTHER INFORMATION CONTACT** or on the Regulations.gov Web site (see **ADDRESSES** above for instructions for accessing Regulations.gov).

APHIS is proposing to amend the user fee regulations by adding new fee categories and adjusting current fees charged for certain agricultural quarantine and inspection (AQI) services. We are also proposing to alter or remove certain fee caps. We have determined that revised user fee categories and revised user fees are

necessary to recover the costs of the current level of activity, to account for actual and projected increases in the cost of doing business, and to more accurately align fees with the costs associated with each fee service.

AQI fees are mandated to be cost-based and paid by the users of the AQI services to ensure that recipients bear the costs of the services instead of the American taxpayer. In our RIA, benefits and costs of the proposed changes to the AQI user fee schedule are evaluated in accordance with Executive Orders 12866 and 13563. Expected effects for small entities are evaluated as required by the Regulatory Flexibility Act.

AQI services benefit U.S. agricultural and natural resources by protecting them from the inadvertent introduction of foreign pests and diseases that may enter the country and the threat of intentional introduction of pests or pathogens as a means of agroterrorism. Failure to adjust these fees to account for full cost recovery, particularly in the present fiscal climate, has the potential

to cause a decrease in AQI services provided. Efforts would be made to address the greatest risk and minimize, to the extent allowed by available resources, significant negative impact on U.S. industries.

The proposed changes in user fees would more closely align, by class, the cost of AQI services provided and user fee revenue received. The proposed fee schedule would better reflect the costs of AQI services provided commercial vessels, commercial trucks, commercial railcars, commercial aircraft, and international air passengers arriving at U.S. ports; newly include fees for additional classes of recipients of AQI services; remove user fee caps for commercial vessels and commercial railcars; and increase the fee cap for commercial trucks. Fee caps refer to limits on the number of times a fee must be paid for a specific truck (with transponder), vessel, or railcar in a calendar year. The current and proposed AQI user fee rates are shown in table 8.

TABLE 8—CURRENT AND PROPOSED AQI USER FEE RATES  
[Dollars]

User fee class	Current	Proposed
Air passenger .....	\$5 .....	\$4
Commercial aircraft .....	70.75 .....	225
Commercial cargo vessel .....	498 .....	825
Commercial truck .....	5.25 .....	8
Commercial truck with transponder (one) annual payment) .....	105 .....	320
Commercial cargo railcar .....	7.75 .....	2
Sea passenger .....	no fee .....	2
Treatment .....	no fee .....	375

APHIS used activity-based costing to determine the proposed rate adjustments for classes that currently pay user fees and the proposed rates for newly charged classes. The two classes that would be newly charged user fees under the proposed rule are international sea (cruise) passengers and recipients of AQI treatment services. Currently, the cost of AQI services received by these entities is borne by other user fee classes and/or taxpayers through appropriated funding. Elimination of the user fee caps for commercial railcars and commercial vessels would more closely align the user fee revenue received with the cost of providing AQI services for rail and vessel cargo. We propose to retain the cap for commercial trucks because of the increased efficiency gained through

the use of transponders at border inspections. The cap for commercial trucks would be increased, however, and these businesses would pay in fees a larger share of the cost of the AQI services they receive.

Under the proposed fee structure, it is expected that AQI user fee revenue for fiscal year (FY) 2014 would be about \$700.1 million, as compared to about \$573.1 million under the current fee schedule, an increase of \$127 million (table 9), of which \$94.5 million is due to the change in fees and fee structure and \$32.5 million is due to workload changes as valued at the proposed fee rates. Reliance on appropriated funds to finance certain AQI services is expected to be reduced by \$46.8 million, assuming that the total cost of AQI services, \$948.9 million, would be the

same with or without adoption of the proposed fee schedule, since the level of AQI services provided would not change with the fee collections under the proposed rule available to APHIS and CBP. A projected AQI program deficit of \$54.5 million under the current fee schedule would not be incurred. Net revenue of the AQI program under the proposed fee schedule is expected to total about \$25.7 million, which would be used to maintain the AQI program's reserve fund. The reserve fund ensures that AQI program operations can continue without interruption when service volumes fluctuate due to economic conditions or other circumstances and CBP and APHIS are able to adjust their activity to account for the changed economic conditions.

TABLE 9—EXPECTED AQI USER FEE REVENUE, APPROPRIATED AQI FUNDING UNDER THE CURRENT AND PROPOSED USER FEE SCHEDULES, AND COST OF AQI SERVICES, FY 2014

(Million dollars)

	Current fee schedule	Proposed fee schedule	Change
AQI revenue:			
User fees .....	\$573.1	\$700.1	\$127.0
Appropriated funding .....	321.3	274.5	-46.8
AQI total revenue .....	894.4	974.6	80.2
AQI total cost .....	948.9	948.9	0
AQI revenue minus cost .....	-54.5	25.7	80.2

Tables showing similar expected AQI revenue effects of the proposed fee schedule for FYs 2015-2017 are presented in the body of the RIA. Respectively for these 3 years, in comparison to projections under the current fee schedule, AQI user fee revenue is expected to be larger by \$130.7 million, \$134.5 million, and \$138.4 million; appropriated funding of AQI services is expected to be smaller by \$37.6 million, \$78.2 million, and \$78.6 million; and net revenue of \$39.0 million, \$39.1 million, and \$60.3 million is expected to be available to maintain the AQI reserve fund.<sup>1</sup>

APHIS considered a number of alternatives for revising the AQI user fees. Some of the alternatives, such as increasing all current fees by the same percentage, were rejected because they clearly would not meet the objective of making the fees paid by users in the various fee classes more commensurate with the costs of the AQI services provided for each class. Other alternatives were rejected because the transaction costs of creating and operating fee collection systems for certain classes, such as bus passengers, private vehicles, and pedestrians, would be overly burdensome.

APHIS then focused on three remaining alternatives composed of

different combinations of paying classes. The first or preferred alternative is the proposed rule, with user fee classes as shown in table 8. The second alternative differs from the first by not including user fees for recipients of AQI treatment services. Under the third alternative, recipients of commodity import permits and pest import permits would pay user fees, in addition to the classes that would pay fees under the proposed rule.

Under all three alternatives, international sea (cruise) passengers would pay a user fee for services they receive that are currently funded by other AQI service recipients and/or through appropriated funding. In addition, the preferred alternative would newly include payment of fees by users of AQI treatment services. Under alternative 2, the cost of providing AQI treatment services would continue to be covered by user fees paid by other classes. For this reason, Alternative 2 was rejected because AQI costs and revenues would be less commensurate by class than under the preferred alternative.

Alternative 3 would include user fees for recipients of commodity import permits and pest import permits, classes not charged fees under the preferred alternative. In these instances, APHIS

found that there are overriding concerns. Charging a user fee for commodity import permits could be counterproductive in terms of our relations with trading partners; negative reactions by other countries could potentially affect U.S. export markets. Pest import permits are normally requested for research purposes. Charging a fee for pest import permits, which activity-based costing indicates would need to be set at more than \$2,000, could have the unintended consequence of discouraging research that directly benefits U.S. agriculture. For these reasons, APHIS decided against the selection of alternative 3.

In table 10, we compare the cumulative expected revenue changes over 4 years for the alternatives. In all cases, the baseline for comparison is continuation of the current AQI user fee schedule. AQI services performed and the cost of providing those services would be the same under each alternative. All three alternatives would ensure that the costs of providing AQI services are covered and the reserve fund is maintained. Relative to the other alternatives, the preferred alternative would result in the smallest increase in user fee receipts and, less noteworthy, the largest decrease in appropriated funding.

TABLE 10—CHANGES IN EXPECTED AQI USER FEE REVENUE, APPROPRIATED AQI FUNDING, AND NET REVENUE UNDER THE THREE ALTERNATIVE USER FEE SCHEDULES, SUMMED OVER FYS 2014-2017

(Million dollars)

Expected change in:	Preferred alternative (proposed rule)	Alternative 2	Alternative 3
<b>FYs 2014-2017</b>			
AQI revenue:			
User fees .....	\$530.6	\$570.2	\$584.7
Appropriated funding .....	-241.2	-236.5	-236.5
AQI total revenue .....	289.5	333.7	348.3
AQI total cost .....	0	0	0

<sup>1</sup> All values in the RIA are nominal, that is, they include projected inflation.

TABLE 10—CHANGES IN EXPECTED AQI USER FEE REVENUE, APPROPRIATED AQI FUNDING, AND NET REVENUE UNDER THE THREE ALTERNATIVE USER FEE SCHEDULES, SUMMED OVER FYS 2014–2017—Continued  
[Million dollars]

Expected change in:	Preferred alternative (proposed rule)	Alternative 2	Alternative 3
AQI revenue minus cost .....	289.5	333.7	348.3

Note: Columns may not sum due to rounding.

Economic effects under each of the three alternatives would derive from the increase or reduction in costs borne by affected importers and international passengers because of the changes in AQI user fees and concurrent reduced reliance on appropriated funding of AQI user fees. Impacts would depend on the magnitude of the changes, and for importers, on the ability of suppliers to pass along or absorb the costs, and for inbound international passengers, on the ability of airlines and vessels to do likewise. In theory, higher user fees increase the cost of imports and the supplier may have incentive to send fewer goods to the United States or international passengers may have less incentive to travel to the United States.

Lower user fees, in theory, create the opposite incentives. The proposed changes in user fees are very small in comparison to the overall value of the commodities imported or the price of an international ticket, and therefore are expected to have negligible impact on imports or the number of international passengers. Estimated changes in user fee revenue relative to the output of the affected sectors represent, in total, a decline of about two-hundredths of one percent, and range from a decline of about six-thousandths of one percent in the trucking industry to a decline of about one-tenth of one percent in the airline industry.<sup>2</sup> We cannot determine what would be the effect of the projected reductions in appropriated funding of

AQI services, but observe that the reductions may counterbalance the negligible impacts of the user fee increases to some extent. Output and employment impacts for FY 2014 under the three alternatives, shown in table 11, were modeled for APHIS by a contracted consultancy. The model results indicate that U.S. output and employment would decline under all three alternatives, with the smallest declines expected under the preferred alternative. Modeled output and employment effects for FYS 2015–2017, as well as output effects by class for FY 2014, are similarly shown in the body of the RIA. We expect the economic effects of the proposed user fee revisions for several of the classes, if they occur at all, to be extremely small.

TABLE 11—MODELED SHORT-RUN DIRECT EFFECTS FOR U.S. OUTPUT AND EMPLOYMENT OF THE THREE AQI USER FEE ALTERNATIVES, FY 2014

	Change in output (million dollars)	Change in employment (jobs)
Preferred alternative (proposed rule) .....	–\$94	–1,090
Alternative 2 .....	–122	–1,301
Alternative 3 .....	–126	–1,400

The fee increases themselves and the newly charged fees for cruise passengers and for monitoring and conducting treatments are not costs to the economy as a whole, but rather transfer payments. Transfer payments are monetary payments from one group to another that do not affect total resources available to society. While individual importers or passengers may experience financial burden from an increase in user fees (or relief when a fee is reduced), the AQI services are already being provided and therefore they are already counted as government costs. A fee rate adjustment to support full cost recovery is consistent with the intent of the relevant statutes and regulations.

The increase in user fee funding of AQI services and closer alignment, by

class, of user fee revenues and costs would be the principal outcomes of the proposed rule. For the 4 years FYS 2014–2017, user fee funding of AQI services under the proposed rule is projected to be \$530.6 million more and appropriated funding of AQI services is projected to be \$241.2 million less than would occur with continuation of the current fee schedule.

Increased reliance on user fee funding means that APHIS would more fully meet its statutory mandate to prescribe and collect cost-based fees for providing AQI services, including maintaining a reasonable reserve. It also means that appropriated funds that would be used to pay for AQI services under the existing user fee schedule may be available for other Federal uses. We are

unable to determine how those appropriated funds that would no longer be used to pay for AQI services under the proposed rule may be otherwise used. We expect that the proposed increase in user fee funding and the decrease in appropriated funding would have small distributional effects that may be largely offsetting.

Firms most likely to be impacted by this rule are transportation businesses within the truck, rail, sea, and air cargo sectors that import goods into the United States. While the Small Business Administration has set guidelines for the definition of small businesses within each of those sectors, the size data do not distinguish between transportation firms that operate internationally and those firms that only

<sup>2</sup> Short-run impacts of the proposed fee changes are estimated to represent the following percentage changes from current output, by affected industry:

Trucking industry, –0.006 percent; rail industry, 0.035 percent; vessel cargo industry, –0.005

percent; cruise ship industry, 0.003 percent; and air cargo and passenger industry, –0.102 percent.

operate within the United States. However, the effects of the proposed rule on firms within the transportation sector are expected to be limited, regardless of firm size. In addition, at least some portion of increased user fees may be passed on to consumers.

We invite public comment on the proposed rule, including comments on the expected impacts for small entities and how the proposed rule may be modified to reduce the burden for small entities consistent with the rule's objectives. Any comment suggesting changes to the proposed rule should be accompanied by supporting evidence and an explanation of why the changes should be considered and supporting evidence.

**Executive Order 12988**

This proposed rule has been reviewed under Executive Order 12988, Civil Justice Reform. If this proposed rule is adopted: (1) All State and local laws and regulations that are inconsistent with this rule will be preempted; (2) no retroactive effect will be given to this rule; and (3) administrative proceedings will not be required before parties may file suit in court challenging this rule.

**Paperwork Reduction Act**

This rule contains no new information collection or recordkeeping requirements under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.).

**List of Subjects in 7 CFR Part 354**

Animal diseases, Exports, Government employees, Imports, Plant diseases and pests, Quarantine,

Reporting and recordkeeping requirements, Travel and transportation expenses.

Accordingly, we are proposing to amend 7 CFR part 354 as follows:

**PART 354—OVERTIME SERVICES RELATING TO IMPORTS AND EXPORTS; AND USER FEES**

■ 1. The authority citation for part 354 continues to read as follows:

Authority: 7 U.S.C. 7701–7772, 7781–7786, and 8301–8317; 21 U.S.C. 136 and 136a; 49 U.S.C. 80503; 7 CFR 2.22, 2.80, and 371.3.

■ 2. Section 354.3 is amended as follows:

- a. By revising the tables in paragraphs (b)(1), (c)(1), (d)(1), and (e)(1).
- b. In paragraph (b)(1), by removing the words “, not to exceed 15 payments in a calendar year (i.e., no additional fee will be charged for a 16th or subsequent arrival in a calendar year).”.
- c. In paragraph (c)(3)(i), by removing the words “20 times” in their place.
- d. By revising paragraphs (f)(1), (f)(2)(i), (f)(6), and adding paragraph (f)(h). The revisions and additions read as follows:

**§354.3 User fees for certain international services.**

(b) *Fee for inspection of commercial vessels of 100 net tons or more.* (1)

Effective dates <sup>1</sup>	Amount
Beginning [effective date of final rule] .....	\$825

\* \* \* \* \*  
(c) *Fee for inspection of commercial trucks.* (1) \* \* \*

Effective dates	Amount
Beginning [effective date of final rule] .....	\$8

(d) *Fee for inspection of commercial railroad cars.* (1) \* \* \*

Effective dates	Amount
Beginning [effective date of final rule] .....	\$2

(e) *Fee for inspection of commercial aircraft.* (1) \* \* \*

Effective dates	Amount
Beginning [effective date of final rule] .....	\$225

(f) *Fee for inspection of international passengers.* (1) Except as specified in paragraph (f)(2) of this section, each passenger aboard a commercial aircraft or cruise ship who is subject to inspection under part 330 of this chapter or 9 CFR, chapter I, subchapter D, upon arrival from a place outside of the customs territory of the United States, must pay an AQI user fee. The AQI user fee for each arrival is shown in the following table:

Effective dates <sup>1</sup>	Passenger type	Amount
Beginning [effective date of final rule] .....	Commercial aircraft .....	\$4
Beginning [effective date of final rule] .....	Cruise ship .....	2

<sup>1</sup> Persons who issue international airline and cruise line tickets or travel documents are responsible for collecting the AQI international airline passenger user fee and the international cruise ship passenger user fee from ticket purchasers. Issuers must collect the fee applicable at the time tickets are sold. In the event that ticket sellers do not collect the AQI user fee when tickets are sold, the air carrier or cruise line must collect the user fee that is applicable at the time of departure from the passenger upon departure.

(2) \* \* \*  
(i) Crew members who are on duty aboard a cruise ship;

(g) *Limitation on charges.* Airlines and cruise lines will not be charged reimbursable overtime for passenger inspection services required for any aircraft or cruise ship on which a passenger arrived who has paid the international passenger AQI user fee for that flight or cruise.

(h) *Fee for conducting and monitoring treatments.* (1) Each importer of a

consignment of articles that require treatment upon arrival from a place outside of the customs territory of the United States, either as a preassigned condition of entry or as a remedial measure ordered following the inspection of the consignment, must pay an AQI user fee. The AQI user fee is charged on a per-treatment basis, i.e., if two or more consignments are treated together, only a single fee will be charged, and if a single consignment is split or must be retreated, a fee will be charged for each separate treatment conducted. The AQI user fee for each

treatment is shown in the following table:

Effective dates	Amount
Beginning [effective date of final rule] .....	\$375

(2) *Treatment provider.* (i) Private entities that provide AQI treatment services to importers are responsible for collecting the AQI treatment user fee from the importer for whom the service is provided. Treatment providers must collect the AQI treatment fee applicable at the time the treatment is applied.

(ii) When AQI treatment services are provided by APHIS, APHIS will collect the AQI treatment fee applicable at the time the treatment is applied from the person receiving the services. Remittances must be made by check or money order, payable in United States dollars, through a United States bank, to "The Animal and Plant Health Inspection Service."

(3) *Collection of fees.* (i) In cases where APHIS is not providing the AQI treatment and collecting the associated fee, AQI user fees collected from importers pursuant to paragraph (h) of this section shall be held in trust for the United States by the person collecting such fees, by any person holding such fees, or by the person who is ultimately responsible for remittance of such fees to APHIS. AQI user fees collected from importers shall be accounted for separately and shall be regarded as trust funds held by the person possessing such fees as agents, for the beneficial interest of the United States. All such user fees held by any person shall be property in which the person holds only a possessory interest and not an equitable interest. As compensation for collecting, handling, and remitting the AQI treatment user fees, the person holding such user fees shall be entitled to any interest or other investment return earned on the user fees between the time of collection and the time the user fees are due to be remitted to APHIS under this section. Nothing in this section shall affect APHIS' right to collect interest from the person holding such user fees for late remittance.

(4) *Remittance and statement procedures.* (i) The treatment provider that collects the AQI treatment user fee must remit the fee to [address to be added in final rule].

(ii) AQI treatment user fees must be remitted to [address to be added in final rule] for receipt no later than 31 days after the close of the calendar quarter in which the AQI user fees were collected. Late payments will be subject to interest, penalty, and handling charges as provided in the Debt Collection Act of 1982, as amended by the Debt Collection Improvement Act of 1996 (31 U.S.C. 3717).

(iii) The remitter must mail with the remittance a written statement to [address to be added in final rule]. The statement must include the following information:

- (A) Name and address of the person remitting payment;
- (B) Taxpayer identification number of the person remitting payment;
- (C) Calendar quarter covered by the payment; and
- (D) Amount collected and remitted.

(iv) Remittances must be made by check or money order, payable in United States dollars, through a United States bank, to "The Animal and Plant Health Inspection Service."

\* \* \* \* \*

Done in Washington, DC, this 21st day of April 2014.

Gary Woodward,  
Deputy Under Secretary for Marketing and Regulatory Programs.

[FR Doc. 2014-09456 Filed 4-24-14; 8:45 am]

BILLING CODE 3410-34-P

## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. FAA-2014-0256; Directorate Identifier 2013-NM-214-AD]

RIN 2120-AA64

#### Airworthiness Directives; the Boeing Company Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

**SUMMARY:** We propose to adopt a new airworthiness directive (AD) for certain The Boeing Company Model 777 airplanes. This proposed AD was prompted by reports of dual pitch rate sensor (PRS) failures, resulting in autopilot disconnects. This proposed AD would require an inspection to determine the PRS part number and replacement if necessary. We are proposing this AD to prevent a dual PRS failure that could cause an automatic disengagement of the autopilot and autoland, which may prevent continued safe flight and landing if disengagement occurs at low altitude and the flight crew is unable to safely assume control and execute a go-around or manual landing.

**DATES:** We must receive comments on this proposed AD by June 9, 2014.

**ADDRESSES:** You may send comments, using the procedures found in 14 CFR 11.43 and 11.45, by any of the following methods:

- Federal eRulemaking Portal: Go to <http://www.regulations.gov>. Follow the instructions for submitting comments.
- Fax: 202-493-2251.
- Mail: U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE., Washington, DC 20590.
- Hand Delivery: Deliver to Mail address above between 9 a.m. and 5

p.m., Monday through Friday, except Federal holidays.

For service information identified in this proposed AD, contact Boeing Commercial Airplanes, Attention: Data & Services Management, P.O. Box 3707, MC 2H-65, Seattle, WA 98124-2207; telephone 206-544-5000, extension 1; fax 206-766-5680; Internet <https://www.myboeingfleet.com>. You may view this referenced service information at the FAA, Transport Airplane Directorate, 1601 Lind Avenue SW., Renton, WA. For information on the availability of this material at the FAA, call 425-227-1221.

#### Examining the AD Docket

You may examine the AD docket on the Internet at <http://www.regulations.gov> by searching for and locating Docket No. FAA-2014-0256; or in person at the Docket Management Facility between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this proposed AD, the regulatory evaluation, any comments received, and other information. The street address for the Docket Office (phone: 800-647-5527) is in the ADDRESSES section. Comments will be available in the AD docket shortly after receipt.

**FOR FURTHER INFORMATION CONTACT:** Marie Hogestad, Aerospace Engineer, Systems and Equipment Branch, ANM-130S, FAA, Seattle Aircraft Certification Office, 1601 Lind Avenue SW., Renton, WA 98057-3356; phone: 425-917-6418; fax: 425-917-6590; email: [marie.hogestad@faa.gov](mailto:marie.hogestad@faa.gov).

#### SUPPLEMENTARY INFORMATION:

##### Comments Invited

We invite you to send any written relevant data, views, or arguments about this proposal. Send your comments to an address listed under the ADDRESSES section. Include "Docket No. FAA-2014-0256; Directorate Identifier 2013-NM-214-AD" at the beginning of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of this proposed AD. We will consider all comments received by the closing date and may amend this proposed AD because of those comments.

We will post all comments we receive, without change, to <http://www.regulations.gov>, including any personal information you provide. We will also post a report summarizing each substantive verbal contact we receive about this proposed AD.



## Proposed Rules

Federal Register  
Vol. 79, No. 128  
Tuesday, July 1, 2014

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

### DEPARTMENT OF AGRICULTURE

#### Animal and Plant Health Inspection Service

##### 7 CFR Part 354

[Docket No. APHIS-2013-0021]

RIN 0579-AD77

#### User Fees for Agricultural Quarantine and Inspection Services

AGENCY: Animal and Plant Health Inspection Service, USDA.

ACTION: Proposed rule; reopening of comment period.

**SUMMARY:** We are reopening the comment period for our proposed rule to amend the user fee regulations by adding new fee categories and adjusting current fees charged for certain agricultural quarantine and inspection services that are provided in connection with certain commercial vessels, commercial trucks, commercial railroad cars, commercial aircraft, and international passengers arriving at ports in the customs territory of the United States. This action will allow interested persons additional time to prepare and submit comments.

**DATES:** The comment period for the proposed rule published April 25, 2014 (79 FR 22895) is reopened. We will consider all comments that we receive on or before July 24, 2014.

**ADDRESSES:** You may submit comments by either of the following methods:

- *Federal eRulemaking Portal:* Go to <http://www.regulations.gov/>
- *Postal Mail/Commercial Delivery:* Send your comment to Docket No. APHIS-2013-0021, Regulatory Analysis and Development, PPD, APHIS, Station 3A-03.8, 4700 River Road, Unit 118, Riverdale, MD 20737-1238.

Supporting documents and any comments we receive on this docket may be viewed at <http://www.regulations.gov/>

#[/docketDetail;D=APHIS-2013-0021](#) in our reading room, which is located in

room 1141 of the USDA South Building, 14th Street and Independence Avenue SW., Washington, DC. Normal reading room hours are 8 a.m. to 4:30 p.m., Monday through Friday, except holidays. To be sure someone is there to help you, please call (202) 799-7039 before coming.

**FOR FURTHER INFORMATION CONTACT:** For information concerning program operations, contact Mr. William E. Thomas, AQI Coordinator, PPQ, APHIS, 4700 River Road, Unit 131, Riverdale, MD 20737-1231; (301) 851-2306. For information concerning rate development, contact Mrs. Kris Caraher, Chief, Review and Analysis Branch, FMD, MRPBS, APHIS, 4700 River Road, Unit 55, Riverdale, MD 20737; (301) 851-2852.

**SUPPLEMENTARY INFORMATION:** On April 25, 2014, we published in the Federal Register (79 FR 22895-22908, Docket No. APHIS-2013-0021) a proposal to amend the user fee regulations by adding new fee categories and adjusting current fees charged for certain agricultural quarantine and inspection services that are provided in connection with certain commercial vessels, commercial trucks, commercial railroad cars, commercial aircraft, and international passengers arriving at ports in the customs territory of the United States. We also proposed to adjust or remove the fee caps associated with commercial trucks, commercial vessels, and commercial railcars.

Comments on the proposed rule were required to be received on or before June 24, 2014. We are reopening the comment period on Docket No. APHIS-2013-0021 for an additional 30 days. This action will allow interested persons additional time to prepare and submit comments. We will also consider all comments received between June 25, 2014 (the day after the close of the original comment period) and the date of this notice.

Authority: 7 U.S.C. 7701-7772, 7781-7786, and 8301-8317; 21 U.S.C. 136 and 136a; 49 U.S.C. 80503; 7 CFR 2.22, 2.80, and 371.3.

Done in Washington, DC, this 26th day of June 2014.

Michael C. Gregoire,  
Acting Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 2014-15480 Filed 6-30-14; 8:45 am]

BILLING CODE 3410-34-P

### DEPARTMENT OF THE TREASURY

#### Office of the Comptroller of the Currency

##### 12 CFR Part 46

[Docket ID. OCC-2014-0015]

RIN 1557-AD85

#### Annual Stress Test—Schedule Shift and Adjustments to Regulatory Capital Projections

AGENCY: Office of the Comptroller of the Currency, Treasury.

ACTION: Proposed rule.

**SUMMARY:** The Office of the Comptroller of the Currency (OCC) proposes to adjust the timing of the annual stress testing cycle and to clarify the method used to calculate regulatory capital in the stress tests. The proposal would shift the dates of the annual stress testing cycle by approximately three months. The proposal also would provide that covered institutions will not have to calculate their regulatory capital requirements using the advanced approaches method in 12 CFR part 3, subpart E until the stress testing cycle beginning on January 1, 2016.

**DATES:** Comments must be received on or before September 2, 2014.

**ADDRESSES:** Because paper mail in the Washington, DC area and at the OCC is subject to delay, commenters are encouraged to submit comments by the Federal eRulemaking Portal or email, if possible. Please use the title "Annual Stress Test" to facilitate the organization and distribution of the comments. You may submit comments by any of the following methods:

- *Federal eRulemaking Portal—“Regulations.gov”:* Go to [www.regulations.gov](http://www.regulations.gov). Enter “Docket ID OCC-2014-0015” in the Search Box and click “Search.” Results can be filtered using the filtering tools on the left side of the screen. Click on “Comment Now” to submit public comments.
- Click on the “Help” tab on the Regulations.gov home page to get information on using Regulations.gov, including instructions for submitting public comments.
- *Email:* [regs.comments@occ.treas.gov](mailto:regs.comments@occ.treas.gov).
- *Mail:* Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7th

United States  
Department of  
Agriculture

Animal and  
Plant Health  
Inspection  
Service

February 2014



**Regulatory Impact Analysis &  
Initial Regulatory Flexibility Analysis**

**Proposed Rule**

**APHIS-2013-0021  
RIN 0579-AD77**

**User Fees for Agricultural Quarantine and  
Inspection Services**

Policy & Program Development

Policy Analysis & Development

## Summary

USDA APHIS was given authority by The Food, Agriculture, Conservation and Trade Act of 1990 (21 U.S.C. 136a, referred to as the FACT Act, as amended) to prescribe and collect cost-based fees for providing agricultural quarantine and inspection (AQI) services for inbound passengers, conveyances, and cargo at U.S. ports of entry. AQI activities include inspection of incoming conveyances, passengers, and cargo; pest identification; monitoring of treatments; and administering the program's finances, scientific research, and policy development. In addition to such activities, the FACT Act, as amended, allows for the maintenance of a reasonable balance (or reserve) in the AQI user fee account.

APHIS is proposing to amend the user fee regulations by adding new fee categories and adjusting current fees charged for certain AQI services. We are also proposing to alter or remove certain fee caps. We have determined that revised user fee categories and revised user fees are necessary to recover the costs of the current level of activity, to account for actual and projected increases in the cost of doing business, and to more accurately align fees with the costs associated with each fee service.

AQI fees are mandated to be cost-based and paid by the users of the AQI services. In this regulatory impact analysis (RIA), benefits and costs of the proposed changes to the AQI user fee schedule are evaluated in accordance with Executive Orders 12866 and 13563. Expected effects for small entities are evaluated as required by the Regulatory Flexibility Act.

AQI services protect U.S. agricultural and natural resources from the inadvertent introduction of foreign pests and diseases that may enter the country and the threat of intentional introduction of pests or pathogens. The proposed changes in user fees would more closely align, by class, the cost of AQI services provided and user fee revenue received. The proposed fee

schedule would better reflect the costs of AQI services provided commercial cargo vessels, commercial trucks, commercial cargo railcars, commercial aircraft, and international air passengers arriving at U.S. ports; newly include fees for additional classes of recipients of AQI services; remove user fee caps for commercial cargo vessels and commercial cargo railcars; and increase the fee cap for commercial trucks. Fee caps refer to limits on the number of times a fee must be paid for a specific truck (with transponder), cargo vessel, or cargo railcar in a calendar year. The current and proposed AQI user fee rates are shown in table A.

Table A. Current and proposed AQI user fee rates (dollars)

User Fee Class	Current	Proposed
Air passenger	\$5	\$4
Commercial aircraft	70.75	225
Commercial cargo vessel	496	825
Commercial truck	5.25	8
Commercial truck with transponder (one annual payment)	105	320
Commercial cargo railcar	7.75	2
Sea passenger	no fee	2
Treatment	no fee	375

APHIS used activity-based costing to determine the proposed rate adjustments for classes that currently pay user fees and the proposed rates for newly charged classes. The two classes that would be newly charged user fees under the proposed rule are international sea (cruise) passengers and recipients of AQI treatment services. Currently, the cost of AQI services received by these entities is borne by other user fee classes and/or taxpayers through appropriated funding. Elimination of the user fee caps for commercial cargo railcars and commercial cargo vessels would more closely align the user fee revenue received with the cost of providing AQI services for these conveyances and rail and vessel cargo. We propose to retain the cap for commercial trucks with transponders because of the increased efficiency gained

through the use of transponders at border inspections. The cap for commercial trucks would be increased, however, and these businesses would pay in fees a larger share of the cost of the AQI services they receive.

Under the proposed fee structure, it is expected that AQI user fee revenue for fiscal year (FY) 2014 would be about \$700.1 million, as compared to about \$573.1 million under the current fee schedule, an increase of \$127 million (table B). Reliance on appropriated funds to finance certain AQI services is expected to be reduced by \$46.8 million, assuming that the total cost of AQI services, \$948.9 million, would be the same with or without adoption of the proposed fee schedule since the level of AQI services provided would not change. A projected AQI program deficit of \$54.5 million under the current fee schedule would not be incurred. Net revenue of the AQI program under the proposed fee schedule is expected to total about \$25.7 million, which would be used to maintain the AQI program's reserve fund. The reserve fund ensures that AQI program operations can continue without interruption when service volumes fluctuate due to economic conditions or other circumstances, and APHIS and Customs and Border Protection can adjust their activities to account for the changed economic conditions.

Table B. Expected AQI user fee revenue, appropriated AQI funding under the current and proposed user fee schedules, and cost of AQI services, FY 2014, million dollars

	Current Fee Schedule	Proposed Fee Schedule	Change
AQI revenue			
User fees	\$573.1	\$700.1	\$127.0
Appropriated funding	321.3	274.5	-46.8
AQI total revenue	894.4	974.6	80.2
AQI total cost	948.9	948.9	0
AQI revenue minus cost <sup>1</sup>	-54.5	25.7	80.2

<sup>1</sup>The proposed fee schedule would increase the reserve fund by \$25.7 million, while the current fee schedule would decrease the reserve fund by \$54.5 million.

Tables showing similar expected AQI revenue effects of the proposed fee schedule for FYs 2015-2017 are presented in the body of this RIA. Respectively for these three years, in

comparison to projections under the current fee schedule, AQI user fee revenue is expected to be larger by \$130.7 million, \$134.5 million, and \$138.4 million; appropriated funding of AQI services is expected to be smaller by \$37.6 million, \$78.2 million, and \$78.6 million; and net revenue of \$39.0 million, \$39.1 million, and \$60.3 million is expected to be available to maintain the AQI reserve fund.<sup>1</sup>

APHIS considered a number of alternatives for revising the AQI user fees. Some of the alternatives, such as increasing all current fees by the same percentage, were rejected because they clearly would not meet the objective of making the fees paid by users in the various fee classes more commensurate with the costs of the AQI services provided for each class. Other alternatives were rejected because the transaction costs of creating and operating fee collection systems for certain classes, such as bus passengers, private vehicles, and pedestrians, would be overly burdensome.

APHIS then focused on three remaining alternatives composed of different combinations of paying classes. The first or preferred alternative is the proposed rule, with user fee classes as shown in table A. The second alternative differs from the first by not including user fees for recipients of AQI treatment services. Under the third alternative, recipients of commodity import permits and pest import permits would pay user fees, in addition to the classes that would pay fees under the proposed rule.

Under all three alternatives, international sea (cruise) passengers would pay a user fee for services they receive that are currently funded by other AQI service recipients and/or through appropriated funding. In addition, the preferred alternative would newly include payment of fees by users of AQI treatment services. Under alternative 2, the cost of providing AQI treatment

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<sup>1</sup> All values in this RIA are nominal, that is, they include projected inflation.

services would continue to be covered by user fees paid by other classes. For this reason, Alternative 2 was rejected because AQI costs and revenues would be less commensurable by class than under the preferred alternative.

Alternative 3 would include user fees for recipients of commodity import permits and pest import permits, classes not charged fees under the preferred alternative. In these instances, APHIS found that there are overriding concerns. Charging a user fee for commodity import permits could be counterproductive in terms of our relations with trading partners; negative reactions by other countries could potentially affect U.S. export markets. Pest import permits are normally requested for research purposes. Charging a fee for pest import permits, which activity-based costing indicates would need to be set at more than \$2,000, could have the unintended consequence of discouraging research that directly benefits U.S. agriculture. For these reasons, APHIS decided against the selection of alternative 3.

In table C, we compare the cumulative expected revenue changes over four years for the alternatives. In all cases, the baseline for comparison is continuation of the current AQI user fee schedule. AQI services performed and the cost of providing those services would be the same under each alternative.

All three alternatives would ensure that the costs of providing AQI services are covered and the reserve fund is maintained. Over FYs 2014-2017, the reserve fund would increase under the preferred alternative by \$164.1 million, under alternative 2 by \$208.3 million, and under alternative 3 by \$222.9 million. Relative to the other alternatives, the preferred alternative would result in the smallest increase in user fee receipts and the largest decrease in appropriated funding.

Table C. Changes in expected AQI user fee revenue, appropriated AQI funding, and net revenue under the three alternative user fee schedules, summed over FYs 2014-2017, million dollars

	Preferred Alternative (proposed rule)	Alternative 2	Alternative 3
	FYs 2014-2017		
AQI revenue			
User fees	\$530.6	\$570.2	\$584.7
Appropriated funding	-241.2	-236.5	-236.5
AQI total revenue	289.5	333.7	348.3
AQI total cost	0	0	0
AQI revenue minus cost	289.5	333.7	348.3

Note: Columns may not sum due to rounding.

Economic effects under each of the three alternatives would derive from the increase or reduction in costs borne by affected importers and international passengers because of the changes in AQI user fees and concurrent reduced reliance on appropriated funding of AQI services. Impacts would depend on the magnitude of the changes, and for importers, on the ability of suppliers to pass along or absorb the costs, and for inbound international passengers, on the ability of airlines and vessels to do likewise. In theory, higher user fees increase the cost of imports and the supplier may have incentive to send fewer goods to the United States or international passengers may have less incentive to travel to the United States. Lower user fees, in theory, create the opposite incentives.

The proposed changes in user fees are very small in comparison to the overall value of the commodities imported or the price of an international ticket, and therefore are expected to have an insignificant impact on imports or the number of international passengers. The estimated total change in output across the affected industries due to the proposed rule would be a decline of about two-hundredths of one percent. We cannot determine what would be the effect of the projected reductions in appropriated funding of AQI services, but observe that the reductions would counterbalance impacts of the user fee increases to some extent.

Output and employment impacts for FY 2014 under the three alternatives, shown in table D, were modeled for APHIS by a contracted consultancy. The model results indicate that U.S. output and employment would decline under all three alternatives, with the smallest declines expected under the preferred alternative. Modeled output and employment effects for FYs 2015-2017, as well as output effects by class for FY 2014, are shown in the body of the RIA. We expect the economic effects of the proposed user fee revisions for several of the classes, if they occur at all, to be extremely small.

Table D. Modeled short-run effects for U.S. output and employment of the three AQI user fee alternatives, FY 2014

	Change in Output (million dollars)	Change in Employment (jobs)
Preferred alternative (proposed rule)	-\$94	-1,090
Alternative 2	-122	-1,301
Alternative 3	-126	-1,400

The fee increases themselves and the newly charged fees for cruise passengers and for monitoring and conducting treatments are not costs to the economy as a whole, but rather transfer payments. Transfer payments are monetary payments from one group to another that do not affect total resources available to society. Although individual importers or passengers may experience financial burden from an increase in user fees (or relief when a fee is reduced), the AQI services received would be provided in any event.

The increase in user fee funding of AQI services, reduced reliance on appropriated funding, and closer alignment, by class, of user fee revenues and costs would be the principal outcomes of the proposed rule. For the four years, FYs 2014-2017, user fee funding of AQI services under the proposed rule is projected to be \$530.6 million more and appropriated funding

of AQI services is projected to be \$241.2 million less than would occur with continuation of the current fee schedule.

Increased reliance on user fee funding means that APHIS would more fully meet its statutory mandate to prescribe and collect cost-based fees for providing AQI services, including maintaining a reasonable reserve. It also means that a portion of appropriated funds that would be used to pay for AQI services under the existing user fee schedule would no longer be needed for that purpose and might be available for other Federal uses. However, at this time we are unable to determine how those appropriated funds that would no longer be used to pay for AQI services under the proposed rule might otherwise be used. A large share of the proposed increase in user fee revenue would be offset by the decrease in appropriated funding.

Firms most likely to be impacted by this rule are transportation businesses within the truck, rail, sea, and air cargo sectors that import goods into the United States. While the Small Business Administration has set guidelines for the definition of small businesses within each of those sectors, the size data do not distinguish between transportation firms that operate internationally and those firms that only operate within the United States. However, the effects of the proposed rule on firms within the transportation sector are expected to be limited, regardless of firm size. In addition, at least some portion of increased user fees may be passed on to other entities including consumers. We invite public comment on the proposed rule, including comments on the expected impacts for small entities and how the proposed rule may be modified to reduce the burden for small entities consistent with the rule's objectives. Any comment suggesting changes to the proposed rule should provide an explanation of why the changes should be considered and supporting evidence.

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## Introduction

USDA APHIS was given authority by The Food, Agriculture, Conservation and Trade Act of 1990 (21 U.S.C. 136a, referred to as the FACT Act, as amended) to prescribe and collect cost-based fees for providing agricultural quarantine and inspection (AQI) services for inbound passengers, conveyances, and cargo at U.S. ports of entry. AQI activities include inspection of incoming conveyances, passengers, and cargo; pest identification; monitoring of treatments; and administering the program's finances, scientific research, and policy development. In addition to such activities, the FACT Act, as amended, allows for the maintenance of a reasonable balance (or reserve) in the AQI user fee account.

AQI services protect U.S. agricultural and natural resources from the inadvertent introduction of foreign pests and diseases that may enter the country and the threat of intentional introduction of pests or pathogens. In the extreme, failure to maintain the nation's biosecurity could disrupt American agricultural production, and erode confidence in the U.S. food supply.

AQI user fees have not kept pace with the costs of providing AQI services. The last amendments to the AQI user fee regulations became effective on January 1, 2005. The AQI user fees contained in that interim rule covered fiscal years (FYs) 2005 through 2010. A final rule affirming the interim rule without change was published in the Federal Register on August 24, 2006. That rule is still in effect today.

The proposed user fee rates would increase user fee revenue by adjusting the fees to better reflect AQI costs for each class of users; adding international sea (cruise) passengers and recipients of treatment services as user fee classes; and reducing the number of inspections that are not assessed a fee by adjusting or removing certain fee caps. Fee caps refer to AQI user fee regulations that limit the number of times an AQI fee must be paid for a specific truck (with

transponder), cargo vessel, or cargo railcar in a given year. Under the proposed rule, the reserve would be maintained by rounding up all cost-based user fee rates less than \$10 to the next \$1, and all rates greater than \$200 to the next \$25. No proposed fees fall between \$10 and \$200.

This document provides a benefit-cost analysis, as required by Executive Orders 12866 and 13563, which direct agencies to assess regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This document also examines the potential effects of the rule on small entities, as required by the Regulatory Flexibility Act.

## **Overview of the Action**

The AQI program provides for inspection of imported agricultural goods, other articles such as packing materials, means of conveyance, and international passengers, to prevent the introduction of harmful pests and diseases into the United States. It thereby helps fulfill APHIS' goal of protecting the health and value of U.S. agriculture and natural resources. In accordance with the FACT Act, as amended, the Secretary of Agriculture is authorized to assess fees that sufficiently cover the cost of AQI services for international passengers and imports, administering the AQI program, and maintaining a reserve fund. As stated in 21 USC § 136A, "the Secretary shall ensure that the amount of the fees is commensurate with the costs of agricultural quarantine and inspection services with respect to the class of persons or entities paying the fees."

AQI services reduce the risk of the unintentional or intentional introduction of invasive species and diseases by international travel and commerce. The introduction of an invasive

species or disease can result in economic losses to domestic agricultural producers, a host of agriculture-dependent industries, and American consumers, as well as cause environmental damage to U.S. ecosystems. Losses may include reductions in yield and production, restricted access to overseas markets through trade embargos, damage to natural resources, and economic costs due to declines in consumer demand.

AQI user fees are cost-based and depend on the volume of inspections and the AQI activities performed. APHIS included as part of a multi-year review of the AQI program the application of activity-based costing to analyze program costs by fee class. Activity-based costing identifies activities in an organization and assigns the cost of each activity to the products and services used. APHIS' application of activity-based costing made clear that the level of revenue generated under the current user fee schedule is insufficient to cover program costs, and that user fee revenues could be better aligned with the costs of AQI services provided the various classes of users. Revenue deficiencies of the AQI program will worsen and dependence on annually appropriated funds will increase over time unless the user fee schedule is revised, given projected increases in inbound commodity and passenger volumes.

We are proposing to amend the AQI user fee regulations to reflect the projected cost of providing AQI services, including expected changes in cost and workload for the four-year period the revised fees would be in effect, FYs 2014-2017. Activity-based costing now used by APHIS to determine the cost of AQI services provides a systematic basis not only for adjusting the rates of current classes that pay user fees, but also for establishing the proposed rates for newly charged classes. Realignment of fees as proposed would result in a more equitable AQI program; more AQI services would be covered by fees and each class's assessed fee would more closely match its cost to APHIS. Specifically, we are proposing to:

- Adjust the fees charged for the following conveyances or persons to whom AQI services are provided: Commercial cargo vessels, commercial trucks, commercial cargo railcars, commercial aircraft, and international air passengers.
- Add a new fee to be charged for services provided international commercial sea (cruise) passengers, services currently funded through fees otherwise collected and/or appropriations. The FACT Act, as amended, gives APHIS authority to charge a fee for all inbound international passengers.
- Add a new fee for conducting and monitoring treatments, which are also AQI services currently otherwise funded.
- Remove the caps for cargo vessels and cargo railcars.
- Adjust the cap on fees for trucks that have pre-paid decals (transponders).

The proposed user fee rate schedule for FY 2014 is shown in table 1. It is derived from analysis of financial and workload data for FYs 2010 and 2011, using activity-based costing.

Table 1. Current and proposed FY 2014 AQI user fee rates (dollars)

User Fee Class	Current	Proposed
Air passenger	\$5	\$4
Commercial aircraft	70.75	225
Commercial cargo vessel	496	825
Commercial truck	5.25	8
Commercial truck with transponder (one annual payment)	105	320
Commercial cargo railcar	7.75	2
Sea passenger	no fee	2
Treatment	no fee	375

As explained in the proposed rule, under the proposed fee structure, it is expected that AQI user fee revenue for FY 2014 would be about \$700.1 million, as compared to about \$573.1

million<sup>2</sup> under the current fee schedule, an increase of \$127 million (table 2).<sup>3</sup> Reliance on appropriated funds to finance certain AQI services is expected to be reduced by \$46.8 million, assuming that the total cost of AQI services, \$948.9 million, would be the same with or without adoption of the proposed fee schedule since the level of AQI services provided would not change. A projected AQI program deficit of \$54.5 million under the current fee schedule would not be incurred. Net revenue of the AQI program under the proposed fee schedule is expected to total about \$25.7 million, which would be used to maintain the AQI program's reserve fund. The reserve fund ensures that AQI program operations can continue without interruption when service volumes fluctuate due to economic conditions or other circumstances, and APHIS and Customs and Border Protection can adjust their activities to account for the changed economic conditions.

Table 2. Expected AQI user fee revenue, appropriated AQI funding under the current and proposed user fee schedules, and cost of AQI services, FY 2014, million dollars

	Current Fee Schedule	Proposed Fee Schedule	Change
AQI revenue			
User fees	\$573.1	\$700.1	\$127.0
Appropriated funding	321.3	274.5	-46.8
AQI total revenue	894.4	974.6	80.2
AQI total cost	948.9	948.9	0
AQI revenue minus cost <sup>1</sup>	-54.5	25.7	80.2

<sup>1</sup>The proposed fee schedule would increase the reserve fund by \$25.7 million, while the current fee schedule would decrease the reserve fund by \$54.5 million.

<sup>2</sup> The estimates of potential revenue generated under the current fee structure used in this document are based on the same assumptions used for all other projections and calculations, to provide for consistency in methodology and baseline referencing. Continuing internal Agency projections of these revenue figures, including the most recent estimate of \$568.2 million for 2014, vary from the estimates presented here because changing conditions affect the underlying assumptions. However, such differences do not affect the comparison of impacts to the established baseline.

<sup>3</sup> All values in this RIA are nominal, that is, they include projected inflation.

Similarly, APHIS has projected AQI revenue and cost under the current and proposed user fee schedules for FYs 2015-2017, as shown in table 3. Respectively for these three years, in comparison to current fee schedule projections, AQI user fee revenue is expected to be larger by \$130.7 million, \$134.5 million, and \$138.4 million; appropriated funding of AQI services is expected to be smaller by \$37.6 million, \$78.2 million, and \$78.6 million; and net revenue of \$39.0 million, \$39.1 million, and \$60.3 million is expected to be available to maintain the AQI reserve fund.

Table 3. Expected AQI user fee revenue, appropriated AQI funding under the current and proposed user fee schedules, and cost of AQI services, FYs 2015-2017, million dollars

FY 2015	Current Fee Schedule	Proposed Fee Schedule	Change
AQI revenue			
User fees	\$593.1	\$723.8	\$130.7
Appropriated funding	310.3	272.7	-37.6
AQI total revenue	903.4	996.6	93.2
AQI total cost	957.6	957.6	0
AQI revenue minus cost	-54.2	39.0	93.2
FY 2016	Current Fee Schedule	Proposed Fee Schedule	Change
AQI revenue			
User fees	\$613.9	\$748.4	\$134.5
Appropriated funding	363.3	285.1	-78.2
AQI total revenue	977.1	1,033.4	56.3
AQI total cost	994.3	994.3	0
AQI revenue minus cost	-17.2	39.1	56.3
FY 2017	Current Fee Schedule	Proposed Fee Schedule	Change
AQI revenue			
User fees	\$635.3	\$773.7	\$138.4
Appropriated funding	366.1	287.5	-78.6
AQI total revenue	1,001.4	1,061.2	59.8
AQI total cost	1,000.9	1,000.9	0
AQI revenue minus cost	0.5	60.3	59.8

Note: Columns may not sum due to rounding.

Over FYs 2014-2017, the proposed fee schedule would increase the reserve fund by \$164.1 million (AQI revenue minus cost).

Following, we briefly describe the fee and revenue changes by class.

*International Air Passengers*

Currently, each air passenger arriving from a foreign port is automatically assessed a \$5 fee by their service provider. International air passenger inspections include the passengers, their baggage, and the passenger areas of the aircraft (e.g., ensuring garbage compliance). APHIS has determined that the actual cost of inspecting inbound international air passengers is less than \$4 per passenger; we therefore propose to reduce the fee to \$4 per passenger. (As noted, under the proposed rule the reserve would be maintained by rounding up all cost-based user fee rates less than \$10 to the next \$1, and all rates greater than \$200 to the next \$25.)

AQI user fee revenue paid by international air passengers in FY 2014 is projected to total \$331.7 million under the proposed rule, as compared to \$414.6 million under the current fee schedule (table 4). Over the four years, FYs 2014-2017, air passenger user fee revenue would total \$1.40 billion, as compared to \$1.75 billion with continuation of the current \$5 fee (table 5).

Table 4. Expected AQI user fee revenue under the current and proposed user fee schedules, FY 2014, million dollars

User Fee Class	Current User Fee Schedule Revenue	Proposed User Fee Schedule Revenue
Air passenger	\$414.6	\$331.7
Commercial aircraft	54.6	173.7
Commercial cargo vessel	60.0	99.8
Commercial truck without transponder	5.4	8.3
Commercial truck with transponder	11.4	34.9
Commercial cargo railcar	27.0	7.0
Sea passenger	---	28.8
Treatment	---	16.0

Table 5. Expected AQI user fee revenue under the current and proposed user fee schedules, FYs 2014-2017, million dollars

User Fee Class	Current User Fee Schedule Revenue	Proposed User Fee Schedule Revenue
Air passenger	\$1,750.1	\$1,400.1
Commercial aircraft	230.6	733.2
Commercial cargo vessel	251.7	418.6
Commercial truck without transponder	23.0	35.0
Commercial truck with transponder	45.8	139.5
Commercial cargo railcar	114.3	29.5
Sea passenger	---	120.7
Treatment	---	69.5

#### *Commercial Aircraft*

All commercial aircraft, including international air passenger carriers, air cargo carriers, and air courier carriers, are subject to inspection and the commercial aircraft user fee. The current fee for commercial aircraft is \$70.75. The proposed fee, \$225, would more closely align AQI user fee revenue paid by commercial aircraft and the AQI services they receive.

AQI user fee revenue paid by commercial aircraft in FY 2014 is projected to total \$173.7 million under the proposed rule, as compared to \$54.6 million under the current fee schedule. Over the four years, FYs 2014-2017, commercial aircraft user fee revenue would total \$733.2 million, as compared to \$230.6 million with continuation of the current schedule.

#### *Commercial Cargo Vessels*

Cargo vessels of 100 tons or more are subject to AQI inspection. Currently, each commercial cargo vessel is assessed \$496 for AQI services, up to 15 arrivals. The proposed rule would increase the fee to \$825 in FY 2014. The AQI user fee revenue received from commercial cargo vessels in FY 2014 would increase to \$99.8 million under the proposed fee schedule, compared to \$60.0 million under the current schedule. Over the four years, FYs 2014-2017,

commercial cargo vessel user fee revenue would total \$418.6 million, as compared to \$251.7 million under the current schedule.

#### *Commercial Trucks*

Trucking is the dominant mode of transport used to import goods from Canada and Mexico. For commercial trucks, APHIS proposes to increase the user fee from \$5.25 to \$8, and to increase the user fee cap for trucks with transponders from 20 to 40 crossings (an increase from \$105 to \$320 in annual cost). The use of truck transponders benefits APHIS by reducing the administrative costs of processing the paperwork and payments associated with the substantial number of commercial truck crossings that occur at our borders. In addition, the transponders benefit firms that import goods via truck by reducing their paperwork and inspection times. The proposed cap is set significantly below the average annual number of crossings, 106, so as to maintain the incentive for trucks to use transponders.

Projected AQI revenue in FY 2014 from trucks with transponders is \$34.9 million with the proposed cap, as compared to \$11.4 million with the current cap. For trucks without transponders, FY 2014 user fee revenue is projected to total \$8.3 million, as compared to \$5.4 million under the current fee schedule.

Over the four years, FYs 2014-2017, commercial truck user fee revenues under the proposed rule would total \$139.5 million and \$35.0 million, respectively, for trucks with and without transponders, as compared to four-year totals of \$45.8 million and \$23.0 million with continuation of the current fee and cap.

#### *Commercial Railcars*

Commercial cargo railcars are subject to AQI user fees. The current AQI user fee is set at \$7.75 per car, and fees are assessed only for the first 20 border crossings. APHIS proposes to reduce the fee to \$2 per railcar and eliminate the cap. Under the proposed rule, AQI user fee

revenue from inbound cargo railcars in FY 2014 is projected to total \$7.0 million, as compared to \$27.0 million under the current fee schedule. Over the four years, FYs 2014-2017, railcar user fee revenue would total \$29.5 million, as compared to \$114.3 million with continuation of the current fee and cap.

#### *International Sea (Cruise) Passengers*

APHIS proposes to introduce a new user fee for all international cruise passengers. This fee would be set at \$2 per passenger and is expected to generate \$28.8 million in AQI revenue in FY 2014. Over the four years, FYs 2014-2017, cruise passenger user fee revenue would total \$120.7 million.

Introduction of this fee would help to make the AQI user fee schedule more equitable since AQI inspections are currently provided to international cruise passengers without their being directly charged. The cost of inspecting cruise passengers would no longer be borne by other recipients of AQI services or the general public through appropriated funding.

#### *Treatments*

As with the proposed fee for international sea passengers, the new fee to recover the cost of APHIS treatment services would better align AQI program costs and revenues. APHIS monitors and at times provides AQI treatments to ensure that the treatments are conducted as prescribed. Treatments, including fumigation, cold treatment, heat treatment, and irradiation, may be performed as a condition of entry or when an actionable pest is detected during port-of-entry inspection. Based on projected costs for AQI treatment services, APHIS proposes a user fee of \$375, which is expected to generate \$16.0 million in AQI user fee revenue in FY 2014, and \$69.5 million over FYs 2014-2017.

In summary, the proposed user fee schedule is designed to more fully recover the costs of providing AQI services and more closely align AQI user fee revenue, by class, with the costs of

providing AQI services. The fees would better reflect the costs of AQI services provided commercial cargo vessels, commercial trucks, commercial cargo railcars, commercial aircraft, and international passengers arriving at U.S. ports. Fees for international sea (cruise) passengers and recipients of AQI treatment services would be newly included, user fee caps for commercial cargo vessels and commercial cargo railcars would be removed and the fee cap for commercial trucks would be increased. APHIS calculated the proposed user fee rates using activity-based costing; the proposed user fee schedule is grounded in the cost of resources needed to provide AQI services. APHIS intends to continue to regularly reexamine AQI resource requirements using the activity-based costing tool in order to meet AQI funding and equity objectives.

### **Alternatives to the Proposed Rule**

APHIS considered a number of alternatives for revising the AQI user fees. Some of the alternatives, such as increasing all current fees by the same percentage, were rejected because they clearly would not meet the objective of making the fees paid by users in the various fee categories more commensurate with the costs of the AQI services provided for each class. Other alternatives were rejected because the transaction costs of creating and operating fee collection systems for certain classes, such as bus passengers, private vehicles, and pedestrians, would be overly burdensome.

APHIS then focused on three remaining alternatives composed of different combinations of paying classes. The first or preferred alternative is the proposed rule, with user fee classes as shown in the first column of table 6. The second alternative differs from the first by not including user fees for recipients of AQI treatment services; the cost of those services would continue to be covered by the various classes. Under the third alternative, recipients of

commodity import permits and pest import permits would pay user fees, in addition to the classes that would pay fees under the proposed rule.

Table 6. Classes that would pay AQI user fees under the three alternatives

Proposed rule (preferred alternative)	Alternative 2	Alternative 3
Air passenger	Air passenger	Air passenger
Commercial aircraft	Commercial aircraft	Commercial aircraft
Commercial cargo vessel	Commercial cargo vessel	Commercial cargo vessel
Commercial truck	Commercial truck	Commercial truck
Commercial truck with transponder	Commercial truck with transponder	Commercial truck with transponder
Commercial cargo railcar	Commercial cargo railcar	Commercial cargo railcar
Sea passenger	Sea passenger	Sea passenger
Treatment		Treatment
		Commodity import permit
		Pest import permit

AQI services received by classes that do not pay user fees are covered through appropriated funding and/or a portion of user fees otherwise collected. Classes that do not currently pay user fees and would not pay user fees under the proposed rule (or under the other alternatives evaluated) include private vehicles, pedestrians, bus passengers, private aircraft, private vessels, military recipients of AQI services, and rail passengers.

Under all three alternatives, international sea (cruise) passengers would pay a user fee for services they receive that are currently funded by other AQI service recipients and/or through appropriated funding. In addition, the preferred alternative would newly include payment of fees by users of AQI treatment services.

Under alternative 2, the cost of providing AQI treatment services would continue to be covered by user fees paid by other classes. For this reason, Alternative 2 was rejected because AQI costs and revenues would be less commensurable by class than under the preferred alternative.

Alternative 3 would include user fees for recipients of commodity import permits and pest import permits, classes not charged fees under the preferred alternative. In these instances, APHIS found that there are overriding concerns. Charging a user fee for commodity import permits could be counterproductive in terms of our relations with trading partners; negative reactions by other countries could potentially affect U.S. export markets. Pest import permits are normally requested for research purposes. Charging a fee for pest import permits, which the activity-based costing methodology indicates would need to be set at more than \$2,000, could have the unintended consequence of discouraging research that directly benefits U.S. agriculture. For these reasons, APHIS decided against the selection of alternative 3.

In tables 7 and 8, we show for alternatives 2 and 3, respectively, expected AQI user fee revenue, appropriated funding, and the cost of AQI services, for each of the four years of the analysis. The information in these tables is comparable to that shown in tables 2 and 3 for the preferred alternative. In table 9, we compare cumulative expected revenue changes over the four years for the three alternatives. In all cases, the comparison is to a continuation of the current AQI user fee schedule.

Table 7. Expected AQI user fee revenue, appropriated AQI funding under the current and alternative 2 user fee schedules, and cost of AQI services, FYs 2014-2017, million dollars

FY 2014	Current Fee Schedule	Alternative 2 Schedule	Change
AQI revenue			
User fees	\$573.1	\$709.9	\$136.8
Appropriated funding	321.3	272.9	-48.4
AQI total revenue	894.4	982.8	88.4
AQI total cost	948.9	948.9	0
AQI revenue minus cost	-54.5	33.9	88.4
FY 2015	Current Fee Schedule	Alternative 2 Schedule	Change
AQI revenue			
User fees	593.1	733.7	140.6
Appropriated funding	310.3	275.4	-34.9
AQI total revenue	903.4	1,009.1	105.7
AQI total cost	957.6	957.6	0
AQI revenue minus cost	-54.2	51.5	105.7
FY 2016	Current Fee Schedule	Alternative 2 Schedule	Change
AQI revenue			
User fees	613.9	758.3	144.4
Appropriated funding	363.3	285.0	-78.3
AQI total revenue	977.1	1,043.2	66.1
AQI total cost	994.3	994.3	0
AQI revenue minus cost	-17.2	48.9	66.1
FY 2017	Current Fee Schedule	Alternative 2 Schedule	Change
AQI revenue			
User fees	635.3	783.7	148.4
Appropriated funding	366.1	291.2	-74.9
AQI total revenue	1,001.4	1,074.9	73.5
AQI total cost	1,000.9	1,000.9	0
AQI revenue minus cost	0.5	74.0	73.5

Note: Columns may not sum due to rounding.

Over FYs 2014-2017, alternative 2 would increase the reserve fund by \$208.3 million (AQI revenue minus cost).

Table 8. Expected AQI user fee revenue, appropriated AQI funding under the current and alternative 3 user fee schedules, and cost of AQI services, FYs 2014-2017, million dollars

FY 2014	Current Fee Schedule	Alternative 3 Schedule	Change
AQI revenue			
User fees	\$573.1	\$711.2	\$138.1
Appropriated funding	321.3	272.4	-48.9
AQI total revenue	894.4	983.6	89.2
AQI total cost	948.9	948.9	0
AQI revenue minus cost	-54.5	34.7	89.2
FY 2015	Current Fee Schedule	Alternative 3 Schedule	Change
AQI revenue			
User fees	593.1	735.5	142.4
Appropriated funding	310.3	274.8	-35.5
AQI total revenue	903.4	1,010.3	106.9
AQI total cost	957.6	957.6	0
AQI revenue minus cost	-54.2	52.7	106.9
FY 2016	Current Fee Schedule	Alternative 3 Schedule	Change
AQI revenue			
User fees	613.9	763.7	149.8
Appropriated funding	363.3	287.1	-76.2
AQI total revenue	977.1	1,050.8	73.7
AQI total cost	994.3	994.3	0
AQI revenue minus cost	-17.2	56.5	73.7
FY 2017	Current Fee Schedule	Alternative 3 Schedule	Change
AQI revenue			
User fees	635.3	789.7	154.4
Appropriated funding	366.1	290.2	-75.9
AQI total revenue	1,001.4	1,079.9	78.5
AQI total cost	1,000.9	1,000.9	0
AQI revenue minus cost	0.5	79.0	78.5

Note: Columns may not sum due to rounding.

Over FYs 2014-2017, alternative 3 would increase the reserve fund by \$222.9 million (AQI revenue minus cost).

Table 9. Changes in expected AQI user fee revenue, appropriated AQI funding, and net revenue under the three alternative user fee schedules, summed over FYs 2014-2017, million dollars

	Preferred Alternative (proposed rule)	Alternative 2	Alternative 3
	-FY 2014-2017-		
AQI revenue			
User fees	530.6	570.2	584.7
Appropriated funding	-241.2	-236.5	-236.5
AQI total revenue	289.5	333.7	348.3
AQI total cost	0	0	0
AQI revenue minus cost	289.5	333.7	348.3

Note: Columns may not sum due to rounding.

As shown in table 9, all three alternatives would ensure that the costs of providing AQI services are covered and the reserve fund is maintained. The AQI services performed and the cost of providing those services would be the same under each alternative. Relative to the other alternatives, the preferred alternative would result in the smallest increase in user fee receipts and the largest decrease in appropriated funding.

### **Benefits and Costs**

The proposed rule would result in a transfer of payments from AQI users to the general public through reduced reliance on appropriated funds to pay for AQI services. Transfer payments are monetary payments from one group to another that do not affect total resources available to society.<sup>4</sup> Although individual importers or passengers may experience some financial burden from an increase in user fees (or relief when a fee is reduced), the AQI services received would be provided in any event. The costs to the affected sectors are expected to be extremely small and would be largely offset by reduced costs to the general public.

<sup>4</sup> Regulatory Impact Analysis: A Primer, page 8.  
[http://www.whitehouse.gov/sites/default/files/omb/inforeg/regpol/circular-a-4\\_regulatory-impact-analysis-a-primer.pdf](http://www.whitehouse.gov/sites/default/files/omb/inforeg/regpol/circular-a-4_regulatory-impact-analysis-a-primer.pdf)

As shown in table 9 for FYs 2014-2017, user fee funding of AQI services under the proposed rule is projected to be \$530.6 million more and appropriated funding of AQI services is projected to be \$241.2 million less than would occur with continuation of the current fee schedule. Increased reliance on user fee funding means that with the proposed rule APHIS would more fully meet its statutory mandate to prescribe and collect cost-based fees for providing AQI services, including maintaining a reasonable reserve balance. It also means that a portion of appropriated funds that would be used to pay for AQI services under the existing user fee schedule would no longer be needed for that purpose and might be available for other Federal uses. However, at this time we are unable to determine how those appropriated funds that would no longer be used to pay for AQI services under the proposed rule might otherwise be used.

In conjunction with APHIS' review of the AQI program, APHIS contracted with ABS Consulting (ABS) to conduct an analysis of the expected economic effects of alternative AQI user fee schedules.<sup>5</sup> Appendix A of this RIA explains the methodology and data sources used by ABS Consulting in modeling expected economic effects of the proposed rule and alternatives.<sup>6</sup> ABS evaluated the economic impact of changes in AQI fees by modeling the effects of resulting price changes on the economic behavior of affected entities.<sup>7</sup> Conceptually, costs of importing goods may change due to any fees levied, including AQI user fees. The effect of these cost

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<sup>5</sup> ABS Consulting, ABS Group Consulting, Inc., ABS Plaza, 16855 Northchase Drive, Houston, TX 77060

<sup>6</sup> Appendix A is excerpted from a report entitled "AQI User Fee Economic Analysis," dated December 29, 2011, that was prepared by ABS Consulting to analyze various user fee scenarios that were developed as part of an initial AQI user fee review.

<sup>7</sup> No analysis of larger macro-economic shocks, including potential changes in the exchange rate, federal stimulus, or tax relief, was included as part of the ABS analysis. Also, due to lack of accessibility to reliable data, the analysis did not consider the production costs and profit margins of foreign producers and exporters in terms of their ability to absorb the change in AQI fees as a part of the business expense. Effects for the economy of the proposed and alternative user fee schedules as modeled by ABS describe the largest possible array of impacts, given the methodology and assumptions stated in appendix A.

changes on import levels and market prices depends on the magnitude of the cost changes, the ability of suppliers to pass along or absorb these changes, the transparency of the changes to buyers, and the responsiveness of buyers and sellers to the changes.

### Modeled Effects

Output and employment impacts for the three alternatives are modeled in terms of changes from continuing with the current user fee schedule (our baseline). Table 10 shows modeled short-run changes in output for the U.S. economy, for FYs 2014-2017. While the modeled impacts should not be construed as predicted economic impacts of the rule, the results support APHIS' selection of the preferred alternative (proposed rule), for which there would be the smallest decline in output.

Table 10. Modeled short-run effects of the three AQI user fee alternatives for U.S. output in FYs 2014-2017

	Change in Output (million dollars)			
	FY2014	FY 2015	FY 2016	FY 2017
Preferred alternative (proposed rule)	-\$94	-\$113	-\$108	-\$120
Alternative 2	-\$122	-\$119	-\$123	-\$125
Alternative 3	-\$126	-\$127	-\$136	-\$184

Source: Modeled results submitted to APHIS by ABS Consulting.

Similarly, ABS found that there would be a negative impact on U.S. employment under the three alternatives, as shown in Table 11, with the preferred alternative again having the smallest impact.

Table 11. Modeled short-run effects of the three AQI user fee alternatives for U.S. employment in FYs 2014-2017

	Change in Employment (number of jobs)			
	FY2014	FY 2015	FY 2016	FY 2017
Preferred alternative (proposed rule)	-1,090	-1,312	-1,239	-1,394
Alternative 2	-1,301	-1,337	-1,373	-1,407
Alternative 3	-1,400	-1,419	-1,537	-2,069

Source: Modeled results submitted to APHIS by ABS Consulting.

Table 12 shows modeled short-run effects for FY 2014 on output and employment of the three alternatives, by affected class. According to these results, the largest negative impact, a decline in output for the economy of \$158 million, would be due to the proposed increase in the AQI user fee rate for commercial aircraft. The proposed reductions of the user fee rates for air passengers and for cargo railcars are shown to increase economic output by \$26 million and \$25 million, respectively. The impact for the economy due to the rate and cap increases for commercial trucking would be a decline in output by \$16 million. The impact for commercial cargo vessels due to the rate increase and removal of the cap would be a decrease in output of \$2 million. The newly assessed fee for cruise passengers was found by the model to result in an increase in output of \$1 million.

Table 12. Modeled short-run effects of the three AQI user fee alternatives for U.S. output, by affected user fee class, FY 2014, million dollars

	Preferred Alternative (proposed rule)	Alternative 2	Alternative 3
Air passenger	\$26	\$26	\$26
Commercial aircraft <sup>a</sup>	-158	-184	-173
Commercial cargo vessel <sup>a</sup>	-2	6	-25
Commercial truck, with and without transponder <sup>a</sup>	-16	-27	-9
Commercial cargo railcar <sup>a</sup>	25	21	25
Sea passenger <sup>b</sup>	1	1	1
Treatment	<sup>c</sup>	--	<sup>c</sup>
Commodity import permit	--	--	-10
Pest import permit	--	--	-4

Source: Modeled results submitted to APHIS by ABS Consulting.

<sup>a</sup> For each alternative, the combined effect of the user fee rate changes for commercial aircraft, commercial cargo vessels, commercial trucks, and commercial cargo railcars, as modeled by ABS, is less than the sum of the individual class effects shown in this table. The modeled composite declines in output—by \$120 million under the preferred alternative, by \$144 million under alternative 2, and by \$139 million under alternative 3—were used by ABS in computing the overall output declines shown in table 10.

<sup>b</sup> Increased output resulting from the user fee charged cruise passengers is based on expected foreign spending in the United States (ABS Consulting, "AQI User Fee Economic Analysis," December 29, 2011).

<sup>c</sup> In the ABS model, the user fee cost of treatments was spread on a weighted basis across classes, based on the treated commodities imported by each class. Expected economic effects of the treatment user fee for the preferred alternative and alternative 3 were therefore not directly measured.

The model results shown in table 12 are very small in comparison to overall output by the affected industries. For example, the model indicates that the demand for aircraft cargo services would fall by about 0.1 percent, with the cost borne in part by the international aircraft service providers, entities within the supply chain, and consumers, depending on the price-elasticity for goods imported by air.

For commercial cargo vessels, the \$2 million reduction in output under the preferred alternative would represent less than 0.01 percent of the estimated annual output for the maritime industry of about \$37.2 billion. Based on Customs and Border Protection data, ABS found that the proposed user fee would average \$0.00010 per kilogram of good imported and could reduce the revenue of commercial cargo vessel services by 0.00072 percent.

The proposed rule would decrease the user fee for cargo railcars from \$7.75 to \$2, which the model indicates would increase output by the economy in FY 2014 by \$25 million under the preferred alternative (notwithstanding removal of the fee cap), that is, by less than 0.01 percent of annual industry output of more than \$70 billion.

Under the proposed rule, the modeled impact for the trucking industry under the preferred alternative would be a \$16 million decline in output in FY 2014, that is, also less than 0.01 percent of that industry's output of about \$266 billion.

In sum, modeled effects of the proposed rule are insignificant in comparison to output levels for the air, sea, rail, and trucking industries. The estimated total change in output across the affected industries due to the proposed rule would be a decline of about two-hundredths of

one percent.<sup>8</sup> As described in the following section, even the very small modeled effects may overestimate the economic impacts likely to occur.

### **Model Assumptions and Data Limitations**

To assess the impact of a change in user fees, ABS distributed the fee for each conveyance among the goods entering by that mode to calculate the impact of the fee on the price of a single kilogram of carried goods entering the United States. For passengers, the impact of the fees was modeled in terms of total passenger spending (fare price plus incidentals) to determine the number of passengers who theoretically would choose to travel because of a fee reduction or vice versa.

Among assumptions about economic behavior made by ABS were the following:

- Firms in the United States exist in a competitive marketplace and behave accordingly.
- In the short-run, firms are unable to shift transportation of goods to other less expensive transportation modes. Though the relative level of freight fees may make certain modes more attractive, current supply contracts and investments in infrastructure limit firms' ability to switch to using other modes of transportation.
- International passengers would be responsible to pay any change in fee. Passenger transportation firms would not absorb a portion of the fee change themselves. While the overall cost to passengers would change, transportation firms would not experience any change in revenue on a per ticket basis.

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<sup>8</sup> By affected industry, short-run impacts of the proposed fee changes are estimated to represent the following percentage changes from current output: air cargo and passenger industry, -0.102 percent; vessel cargo industry, -0.005 percent; trucking industry, -0.006 percent; rail cargo industry, 0.035 percent; and cruise ship industry, 0.003 percent.

- All supply and demand curves for goods and international passenger services have constant price elasticity.<sup>9</sup> Price elasticity measures the percentage change in the quantity demanded or supplied of a good due to a one percent change in price. This relationship is assumed to be fixed for all possible prices for each good.

For the passenger user fee classes, in particular, we expect that the modeled impacts for the economy shown in tables 10-12 are unlikely to occur. The model assumes that the proposed one-dollar reduction in the user fee for air passengers would be a cost savings passed on by the airlines. Given past patterns of behavior, this assumption is questionable. In the summer of 2011, when taxes normally assessed by the Federal Aviation Administration were not collected, the airlines held fares at existing levels rather than reducing fares and passing the tax savings to passengers. As a result, airlines revenue increased while fares remained constant.<sup>10</sup> Likewise, with the proposed rule airlines may not pass the proposed fee reduction to passengers and there would therefore be no impact on the demand for air passenger services.

Even if the reduction in the fee is realized by passengers, it is unlikely that there would be an increase in output by the economy of \$26 million, as modeled. According to a leading trade organization, Airlines for America, the average international round-trip airfare was about \$1,160 in 2011. The proposed fee decrease of one dollar is about 0.1 percent of a round-trip airfare. Realistically, any increase in international air travel due to a one-dollar decrease in air fare would be negligible to non-existent.

In the case of the new user fee assessed international sea (cruise) passengers, the assumption by ABS that the fee would be fully passed on to the passengers is realistic. But as

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<sup>9</sup> ABS noted that the assumption of constant elasticity was due to data limitations and modeling constraints (see appendix A).

<sup>10</sup> Sharkey, Joe; "A Bonanza for Airlines as Taxes End," *The New York Times*, 25 July 2011.

with the one-dollar decrease in the air passenger user fee, the two-dollar cruise passenger user fee is unlikely to result in any change in the volume of cruise passengers.

Fare costs and at-sea spending per cruise passenger averaged \$1,620 in 2010, according to a study conducted by Business Research and Economic Advisors of the North American cruise ship industry. Additional spending on transportation to reach ports of embarkation and while at ports of embarkation averaged about \$450 per passenger, which brought the overall cost to \$2,070. The two-dollar AQI fee would represent a 0.1 percent increase in the average cost of a cruise trip. The ABS model indicates a \$1 million increase in output by the economy due to this newly introduced user fee.<sup>11</sup> Realistically, the likelihood that there would be a change in output is remote.

Data limitations and the challenge of isolating the causal effect of exceedingly small price changes make it difficult, if not impossible, to validate modeled behavioral changes.<sup>12</sup> It is apparent that at least some of the proposed user fee changes are likely not to have the output and employment effects as modeled, and impacts may well be even more insignificant than indicated.

In sum, the modeled effects for the economy of the alternatives should be narrowly interpreted. They are based on certain theoretical assumptions of economic behavior that may not be readily supported in fact. Moreover, only effects of changes to existing fees and the establishment of new fees are estimated. The model does not capture potential gains to the general public from reduced reliance on appropriated funding of AQI services.

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<sup>11</sup> Increased output resulting from the user fee charged cruise passengers is based on expected foreign spending in the United States (ABS Consulting, "AQI User Fee Economic Analysis," December 29, 2011).

<sup>12</sup> Modeling assumptions due to data limitations can lead to results that challenge common sense. An example is the across-the-board assumption of constant price elasticities of supply and demand.

## **Initial Regulatory Flexibility Analysis**

The Regulatory Flexibility Act requires agencies to evaluate the potential effects of their proposed and final rules on small businesses, small organizations, and small governmental jurisdictions. This initial regulatory flexibility analysis describes expected impacts of this proposed rule on small entities, as required by section 603 of the Act.

### **Reasons Action is Being Considered**

The AQI program assesses user-paid fees to cover the costs of services provided inbound passengers and conveyances at U.S. ports of entry. AQI user fees have generally not kept pace with the costs of providing AQI services. The AQI use fee schedule needs to be adjusted to close the current user fee deficit, account for actual and projected increases in the cost of doing business, and more accurately align fees with the costs associated with each fee service.

The last amendments to the AQI user fee regulations became effective on January 1, 2005. The AQI user fees contained in that interim rule covered FYs 2005 through 2010. A final rule affirming the interim rule without change was published in the Federal Register on August 24, 2006. That rule is still in effect today.

### **Objectives of and Legal Basis for the Rule**

The Secretary of Agriculture was given authority by the FACT Act, as amended, to prescribe and collect cost-based fees for providing AQI services. APHIS is amending the user fees, in accordance with its regulatory authority, to more fully recover the cost of AQI services and better align AQI costs and revenues by class. To accomplish these objectives, APHIS proposes to: (1) decrease the fee assessed to international air passengers, (2) increase the fees assessed to commercial aircraft, commercial cargo vessels, commercial trucks, and commercial cargo railcars, (3) adjust the cost of commercial truck transponders, (4) eliminate fee caps on

commercial cargo vessels and commercial cargo railcars, (5) add a new fee for international sea (cruise) passengers, and (6) add a new fee to cover the cost of monitoring and conducting treatments.

### Potentially Affected Small Entities

The firms most likely to be impacted by this rule are transportation businesses within the truck, rail, sea, and air cargo sectors that import goods into the United States. While the Small Business Administration (SBA) has set guidelines for the definition of small businesses within each of those sectors, the size data do not distinguish between transportation firms that operate internationally and those firms that only operate within the United States. Table 13 provides the small-entity data.

Table 13. Small-entity representation in affected industries

Industry	Small-Entity Standard	Total Number of Firms	Estimated Number of Small Entities
Freight trucking	≤ \$25.5m (Gross annual receipts)	54,149	53,682
Freight railcars	Long-line: ≤ 1,500 employees Short-line: ≤ 500 employees	560	553
Commercial water transportation	≤ 500 employees	610	597
Commercial air transportation	≤ 1,500 employees	2,892	2,859

For general freight (cargo) trucking, the SBA has set the small business threshold as annual gross receipts of not more than \$25.5 million. According to the 2007 Economic Census, that year there were 26,472 short-haul and 27,677 long-haul general freight trucking firms in operation within the United States. Of those firms, only 39 and 428, respectively, earned more

than \$25 million. Roughly 98.5 percent of long-haul firms and 99.9 percent of short-haul firms are considered small businesses. There is a low barrier to entry to move from domestic trucking to international trucking, so it is assumed that any business could make this transition.<sup>13</sup> It is probable that a large number of small trucking businesses may be impacted by the proposed user fee schedule.

Small trucking firms were taken into consideration when it was decided to continue the transponder user fee system, which allows for reduced administrative and bookkeeping costs for small businesses through the annual purchase of a transponder. By purchasing a transponder, small firms do not have to devote time and resources to remitting payment for AQI fees or repeatedly filing AQI paperwork when entering the United States. The proposed cost of a transponder would be \$320. Once a truck with a transponder has entered 40 times, each additional border crossing reduces the operator's average AQI cost. Consequently, the firm's bottom line is positively impacted by each additional trip over 40 when using a transponder.

Regarding freight (cargo) rail cars, the SBA standard for long-haul firms is not more than 1,500 employees and for short-line firms, not more than 500 people. Employment data for railroads are not reported by the U.S. Economic Census; however, an industry trade report states there are around 175,000 rail employees and 90 percent of them work for 7 firms out of a total of 560 firms in the industry.<sup>14</sup> If the remaining workers were equally distributed among the

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<sup>13</sup> The main constraint on this assumption is geographic base. As a company's base of operations moves further from the border, the costs, largely those related to fuel, associated with international transportation increase; thus, the closer an operator is to the Canadian or Mexican border, the stronger this assumption becomes.

<sup>14</sup> *An Overview of America's Freight Railroads*, Association of American Railroads, July 2012, available at: <https://www.aar.org/keyissues/Documents/Background-Papers/Overview-US-Freight-RRs.pdf>.

remaining firms, each firm would have roughly 31 employees. Clearly, a majority of freight rail firms are small businesses.

Unlike with trucking, these firms would face a decrease in fees, from \$7.75 to \$2, which would result in an average market cost decrease of \$0.00028 per kilogram of goods shipped via railcar. The paperwork and bookkeeping burden would not change. In addition, the fee is not based on revenue or size and therefore would not affect small rail businesses disproportionately.

The SBA defines a small business in commercial water transportation as one that employs not more than 500 people. According to the 2007 Economic Census, a total of 610 domestic firms operate in coastal, Great Lakes, and deep sea freight (cargo) transportation, of which only 13 (2 percent) have more than 500 employees. Therefore, 98 percent of all domestic freight companies operating in international waters are considered small.

These firms would face a fee increase of 66 percent but the dollar-per-kilo cost increase would be very small. The paperwork and bookkeeping burden would not change. In addition, the proposed fee is not based on revenue or size, but is directly proportional to the level of importation. The proposed rule would also eliminate the cap for commercial cargo vessel user fees. This fee cap creates inefficiencies in the AQI program.

Finally, the SBA defines a small business within the commercial air transportation realm as having not more than 1,500 employees. Of the 2,892 commercial air firms in the 2007 Economic Census, 33 (1 percent) had more than 1,000 employees. Again, it is assumed that the vast majority of businesses within this transportation sector are small.

While the user fee for commercial aviation firms would be increased by approximately 200 percent, it would result in a small dollar-per-kilogram cost increase. The paperwork and

bookkeeping burden would not change. The proposed fee increase is not based on revenue or size and therefore would not place a disproportionate burden on small aviation businesses.

### **Projected Reporting, Recordkeeping, and Other Compliance Requirements**

Reporting and recordkeeping requirements associated with the proposed rule are discussed in the rule under the heading "Paperwork Reduction Act."

### **Duplication, Overlap, or Conflict with Existing Rules and Regulations**

APHIS has not identified any duplication, overlap, or conflict of the proposed rule with other Federal rules.

### **Alternatives to minimize Significant Economic Impacts of the Rule**

We considered a number of alternatives for revising the AQI user fees. Some of the alternatives were rejected because they clearly would not meet the objective of making the fees paid by users more commensurate with the costs of the AQI services provided. Other alternatives were rejected because the transaction costs of creating and operating fee collection systems for certain classes, such as bus passengers, private vehicles, and pedestrians, would be overly burdensome. The proposed rule was selected from among the alternatives evaluated because it would better align, by user class, AQI costs and revenues, while also giving consideration to U.S. trade and research priorities.

Our understanding of possible impacts of the rule was informed by economic modeling conducted by ABS Consulting. The ABS model found average annual short-run effects of the proposed rule, over the four years, FY 2014-2017, would be a \$109 million reduction in economic output and 1,259 fewer jobs. As described in the RIA, these modeled effects are based on certain theoretical assumptions of economic behavior that may not be readily supported in fact, and they do not take into consideration potential gains to the economy from reduced

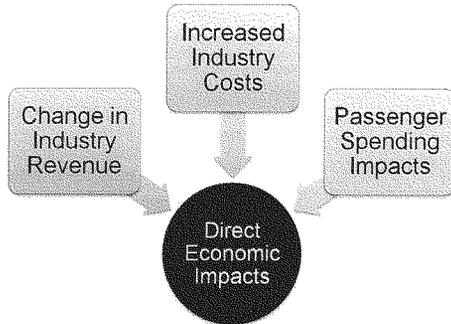
reliance on appropriated funding of AQI services. We anticipate that impacts of the proposed rule for small entities in industries directly affected would be even more insignificant than is indicated by the ABS results. The increase in user fee funding of AQI services, reduced reliance on appropriated funding, and closer alignment, by class, of user fee revenues and costs would be the principal outcomes of the proposed rule.

We invite public comment on the proposed rule, including any comments on how the proposed rule may be modified to reduce the burden for small entities consistent with the rule's objectives. Any comments suggesting changes to the proposed rule should provide an explanation of why the changes should be considered and supporting evidence.

## Appendix A<sup>1</sup>

### Methodology

The assessment of the proposed revisions to AQI user fees analyzes the individual economic impact of the user fees by evaluating the impact of the fee on the price of goods and services, corresponding changes in U.S. consumer purchases, and the resulting impact throughout the economy.



**Figure 1 - Fee Impacts**

AQI fee schedule changes have a direct relationship with the costs of importing goods from abroad: as fees increase, costs increase; as fees decrease, costs decrease. The transportation cost changes impact the price of international transportation services, which impact the cost of goods and services from abroad, the price charged for those goods, and the quantity demanded and produced. While a producer's cost to produce or manufacture the good does not change due to AQI fees, the foreign producer's cost to sell the good in the U.S. market does. As fees increase, the overall cost of foreign goods increases, and the foreign producer may have incentive to send fewer goods to the U.S. market. In the short-run, this creates a shortage in goods, and consumers' prices theoretically increase. While the AQI fees' impact depends on the market structure for the good or service, the fee increase may cause foreign producers to sell fewer products at a

<sup>1</sup> This appendix is excerpted from a report entitled "AQI User Fee Economic Analysis," dated December 29, 2011, that was prepared by ABS Consulting to analyze user fee scenarios that were developed as part of an initial AQI fee review.

higher total cost than before. Their revenue will decline if the percentage decline in the quantity demanded is greater than the percentage increase in price; in the short-run, domestic producers see an increase in market price without any additional costs, so their revenue will increase.

The assessment therefore assumed that raising AQI fees will – *ceteris paribus*<sup>2</sup> – lead to an increase in the cost of shipping goods and the price of those goods; however, rarely is everything else held constant. Small changes within particular firms or industries (e.g., a poor crop yield due to drought) and large macroeconomic changes (e.g., shifts in U.S. monetary policy) play a significant role in determining the final market conditions and impacts of any change in the AQI user fees.

Consequently, the results completed in this analysis represent the most significant impact of a shift in AQI user fees. In addition to the broader economic impacts, no attempt was made to model any increases in efficiency or productivity among production, transportation, or retail firms, all of which could significantly mute the impact of a change in fees. The possible impact of unknown firm, market, and government behavior is discussed below with the results.

#### Approach and Limitations

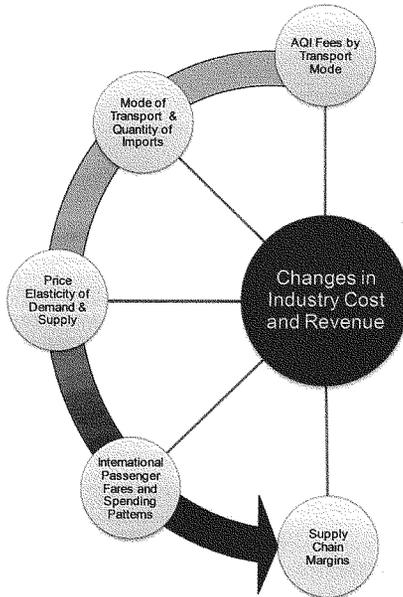
The analysis presented here represents a theoretical approach to understanding the impact of changes in the AQI user fees. The assumptions regarding consumer and firm behavior, noted in this section, were necessary to estimate the impact of the change in fees. The actual impact of the change in fees could be different than the results presented here. However, even with the limitations of the assumptions, the estimated impacts are very small relative to the affected sectors.

Analysis of the impact of AQI user fees required gathering information on the quantity of goods and international passengers arriving in the U.S. by different modes of transportation, the price elasticity of demand and supply for goods and international passengers, the costs of international travel, and the typical margins for the distribution of goods throughout the United States. Collection of this information led to the creation of a basic model of the market for cargo and passenger transport, and subsequently the impact of AQI fees on the transport industries. The process for gathering the information is detailed below under Data Sources.

The analysis only evaluated the impact of changing AQI user fees; no analysis of larger macro-economic shocks including potential changes in the exchange rate, federal stimulus, or tax relief were included as part of the analysis. Consequently, the results completed in this analysis present only the possible impact of a shift in AQI user fees. The possible

<sup>2</sup> Economic analysis is frequently conducted under a *ceteris paribus* assumption, or holding all other factors constant while studying the impact of a single change.

impact of unknown firm, market, and government behavior is discussed alongside the results.



**Figure 2 - Data Collection and Analysis Process**

### **SUPPLY AND DEMAND**

In order to evaluate the impact on purchaser prices of goods and the quantity of goods sold in the United States, supply and demand curves were established for each category of good or passenger considered in the assessment. Figure 3 provides an illustration of the linear approximations of these curves.

Each curve was anchored based on information on current market quantities and prices, along with estimates of the short-run price elasticity of supply and price elasticity of demand. In order to interpret the constant elasticity function or curve, a linear approximation of the curve was developed.<sup>3,4</sup> The approximation yields a line where the distance from the original curve has been minimized.<sup>5</sup>

<sup>3</sup> The procedure involves what is called the Box-Cox Transformation.

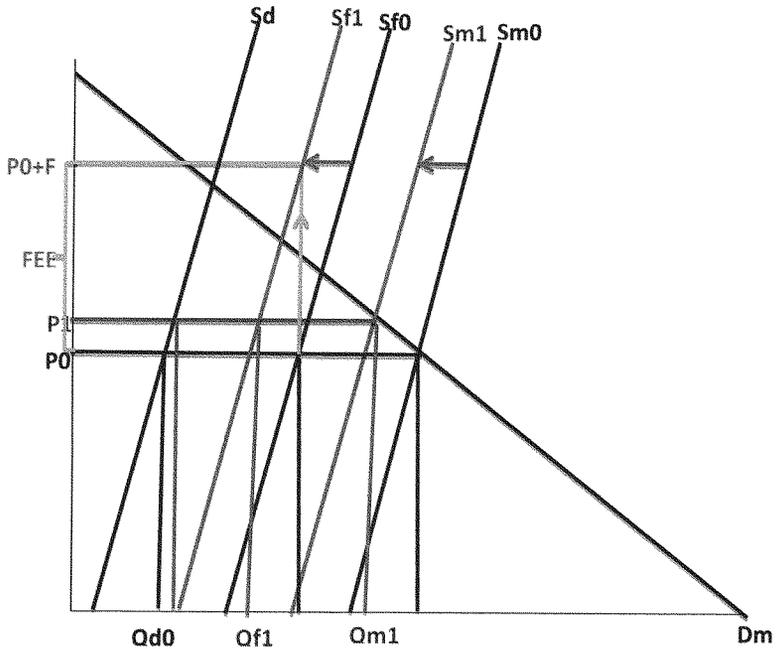


Figure 3 – Linear Supply and Demand Curves

An extensive literature review was conducted to examine any evidence for estimates of the Price Elasticity of Demand (PED) and the Price Elasticity of Supply (PES). The values selected for each category of good or international traveler are documented under the Data Sources. Due to data and modeling constraints, the values utilized for PED and PES were held constant along the entire demand and supply curves, a common practice in the economic profession when defining market functions.

<sup>4</sup> Jonathan Haughton, "Estimating Demand for Goods Subject to Excise Taxes" *Abstract for Project EAGER*, April 8, 1998, [http://pdf.usaid.gov/pdf\\_docs/PNACE025.pdf](http://pdf.usaid.gov/pdf_docs/PNACE025.pdf).

<sup>5</sup> Microeconomics: Theory and Applications with Calculus Companion Website, Pearson, [http://wps.aw.com/aw\\_perloff\\_microcalc\\_1/76/19536/5001392.cw/](http://wps.aw.com/aw_perloff_microcalc_1/76/19536/5001392.cw/) (accessed April 4, 2011).

The assessment did not vary a good category's PED or PES values between the domestic and foreign markets. Maintaining the same elasticity assumed that neither a foreign nor a domestic seller has enough market power to set prices in the U.S. and that, in the long-run, any attempts to differentiate a foreign product in order to charge a higher price would be undercut by the ability of other sellers to blur any real or perceived differences in product quality. Another way of articulating the same idea is that, in the long-run, all foreign and domestic sellers are price-takers<sup>6</sup>.

### Supply and Demand Elasticity

The price elasticity refers the effect that a change to a good or service's price has on consumer demand (price elasticity of demand, or PED) or producer supply (price elasticity of supply, or PES). The model developed to assess AQI fees used a good group's price elasticity values, which assumed that the only effect of a good or service's price change is a reduction in total quantity demanded/supplied – consumers (demand) /producers (supply) cannot switch, or substitute, their demand/supply of the effected good or service with another. To derive PED/PES values, researchers may conduct consumer focus groups and/or look at historical price & quantity data for goods.

The price elasticity of demand is defined as the percent change in quantity demanded divided by the percent change in price, or mathematically:

$$\epsilon = \frac{\% \text{ Change in Quantity Demanded}}{\% \text{ Change in Price}}$$

The price elasticity of supply is the same, but instead of the percent change in quantity demanded, it is the percent change in quantity supplied. As expected, PED values are negative since as a good's price increases, the quantity demand of that good decreases. Conversely, PES values are positive since producers want to supply more of a good as the price increases.

Based on the equation, it becomes clear that the values used by the model can have a large impact on the analysis' outcome. The chart below describes the effect a change in price will have on the supplied/demanded quantity and revenue based on the value of the PED/PES.

PED/PES Absolute Value	Category of PED/PES value	Effect of %Δ Price on Total Revenue
$\epsilon = 0$	Perfectly Inelastic	%ΔQ supply/demand = 0, Revenue increases
$0 < \epsilon < 1$	Relatively Inelastic	%ΔQ supply/demand < %ΔP, Revenue increases
$\epsilon = 1$	Unit Elastic	%ΔQ supply/demand = %ΔP, Revenue remains unchanged
$1 < \epsilon < \infty$	Relatively Elastic	%ΔQ supply/demand > %ΔP, Revenue decreases
$\epsilon = \infty$	Perfectly Elastic	For any %ΔP, Q supply/demand drops to 0, Revenue drops to 0

<sup>6</sup> Firms are considered to be price-takers when they do not have sufficient market power and, thus, the ability to influence or set the market price. As a result, the market price is set by the product market's aggregate supply and aggregate demand functions.

The standard market economic line graph consists of demand and supply lines where the y-axis is price and the x-axis is quantity. The demand line is negatively sloped recognizing that as the price decreases, more quantity is demanded; the supply line is positively sloped because as price increases, the number of supplied units increases. The market supply line is an aggregation of all the suppliers in the market (i.e., if at Market Price = \$5, Supplier A produces 10 units and Supplier B produces 5 units, then the market supply at Market Price = \$5 is 15 units). In the APHIS economic assessment, there are one market demand line and three supply lines: domestic, foreign, and market, where the market supply line is an aggregation of the foreign and domestic supply lines. In the assessment, the foreign supply line for each good category is also an aggregation of the supply line for that good across all the modes of transportation.

$$Foreign\ Supply_{good\ A} = \sum_{mode} Foreign\ Supply_{good\ A,\ mode}$$

$$Market\ Supply_{good\ A} = Domestic\ Supply_{good\ A} + Foreign\ Supply_{good\ A}$$

At a certain market price, a certain quantity of Good A is imported via Air Cargo, Maritime Vessel Cargo, Truck Cargo, and Rail Cargo modes. The summation of those quantities is the total Foreign Supply for Good A. At the same market price, domestic producers sell a certain quantity of Good A - the Domestic Supply for Good A. The Foreign Supply plus the Domestic Supply of Good A equals the Market Supply of Good A at that certain market price.

### FORMATION OF SUPPLY AND DEMAND CURVES

Constant elasticity of demand/supply functions have the same elasticity at every point along the curve and are created by exponential equations of the general form:

$$Q = Ap^{\epsilon}, \text{ where } A \text{ is a positive constant, } p \text{ is the price, and } \epsilon \text{ is the constant elasticity.}$$

In order to interpret the constant elasticity function, it is useful to manipulate it. Specifically, since the demand/supply function is an exponential function, the natural log of both sides of the equation is taken to create a mathematical identity, where the log-linear slope of the demand/supply curve is equal to the elasticity constant:

$$\ln(Q) = \ln(A) + \epsilon \ln(p)$$

Mathematical substitution results in a more common expression of a line where:

$$Y = a + bx$$

$$Y = \ln(Q), a = \ln(A), x = \ln(p) \text{ and } b = \epsilon$$

This log-linear transformation allows for more simplistic calculation of unknowns (quantity and/or price) and the areas under the curve.

### Log-Linear Transformation

Given the following notional values, construct a log-linear equation and produce the corresponding linear graph.

Known Values:

Price Elasticity ( $\epsilon$ ) = -0.75

Quantity ( $Q$ ) = 10,000,000

Price ( $p$ ) = \$8.00

Known Equation:

Constant Elasticity Curve

$$Q = Ap^\epsilon$$

Input known values into the equation

$$10,000,000 = A(8)^{-0.75}$$

Perform the log-linear transform

$$\ln(Q) = \ln(A) - \epsilon \ln(p)$$

Solve equation for a

$$a = \ln(Q) - (\epsilon * \ln(p))$$

Linear Equation

$$Y = a + \epsilon x$$

Input known values into Linear Equation and solve for a

$$a = \ln(10000000) - (-0.75 * \ln(8))$$

$$a = 16.118 + 1.560$$

$$a = 17.678$$

Linear equation

$$Y = 17.678 - 0.75x$$

A graph of the corresponding line is obtained from this linear equation. Additionally, solving for any ordered pair along the line and utilizing this equation to solve for the area under the line is straightforward. Note: when solving for unknown values, the mathematical substitutions -  $Y = \ln(Q)$  and  $x = \ln(p)$  are used in order to obtain accurate results.

### IMPACT OF AQI FEES

Cost-based AQI fees are assessed on a per-cargo vehicle or passenger basis. The projected fees used in this analysis were calculated consistent with federal costing and fee setting standards and each fee was targeted to be commensurate with the cost of inspection for each class of vehicles and passengers. In order to assess the impact of the fee on individual goods, the fee is distributed across the good's expected quantity carried per vehicle per mode. To accomplish this, the fee level was multiplied by the number of vehicles used in that mode to find the total amount of the fee levied for the mode. Next, the total fee for the mode was divided by the total quantity of all goods being imported by that mode, resulting in the mode's fee per quantity shipped in dollars per kilogram. For a particular good's share of a mode's fee, this value is multiplied by the quantity of that good shipped via that mode, or for any good  $i$ :

$$FEE_{good\ i, mode\ \alpha} = \frac{FEE_{mode\ \alpha} * Vehicles_{mode\ \alpha}}{Total\ Quantity\ of\ Goods\ Imported_{mode\ \alpha}}$$

In order to aggregate this fee across all the modes, the term must be weighted according to the amount of good  $i$  being supplied through each mode against being supplied through all modes.

$$FEE_{good\ i} = \sum_{mode} \left[ \frac{quantity\ of\ good\ i_n}{Total\ Quantity\ of\ good\ i\ Imported} * \Delta FEE_{good\ i, n} \right]$$

Each good category's initial market quantity was aggregated from the U.S. Census Bureau reported data (Foreign Supply via each mode) and the domestic production data (Domestic Supply). The good category's market price was also calculated based on U.S. Census reported data. For each good category, a single market demand ( $D_m$ ) line was created using the good category's PED, initial market quantity ( $Q_{m0}$ ), and initial market price ( $P_0$ ). The initial supply lines ( $S_{m0}$ ,  $S_{f0}$ , and  $S_d$ ) were created using the PES for the good category, the respective quantities ( $Q_{m0}$ ,  $Q_{f0}$ ,  $Q_{d0}$ ), and the market price ( $P_0$ ). Any change in the AQI fees has a short-run and long-run effect on the market.

#### The Short- and Long-run

The distinction between the short-run and the long-run for any industry is not expressed as some uniform, invariant unit of time - for example, three or six months for a particular industry - rather, it is the period of time for an industry where at least one significant input is "fixed" and cannot be increased or decreased in quantity. For instance in the agriculture industry, once a crop has been planted for that growing season, it cannot be significantly increased or decreased in response to increases or decreases in price. Here, the two short-run fixed inputs are the length of the growing season and the amount of the crop planted at the beginning of that season. Depending on the climate of the country and/or the length of the growing season, the short-run may persist for six months, a year, or even longer if a field laying fallow for an extended period to change crops was the long-run condition. Industries that rely on large amounts of relatively fixed capital stock like automobile or truck production also fit the mold of relatively long short-run periods.

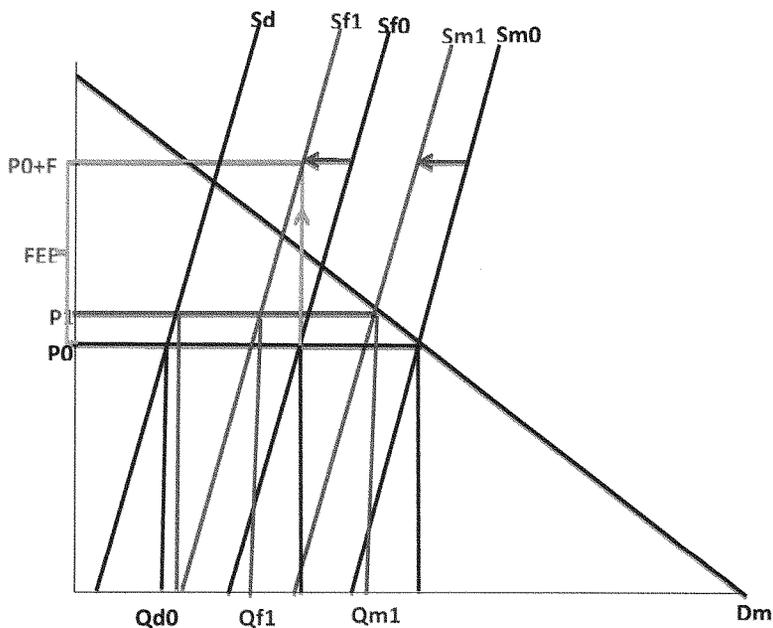
#### Short-run

In the APHIS economic assessment's short-run, domestic supply is fixed and cannot move.

Figure 4 shows the imposition of fees and movement of supply curves in the short-run.

In the case of an increase in fees, once the good category's share of the fee ( $FEE_{good\ i}$ ) has been calculated, it is added to the cost of foreign made goods, and the foreign supply line will contract as producers shift their products to other, cheaper markets. The foreign supply line will shift upward from  $S_{f0}$  to the point that  $P_0 + FEE_{good\ i}$  crosses the foreign

supply line at  $Q_{f0}$ .<sup>7</sup> In the market though, the foreign producers are still price-takers, and market price is still at  $P_0$ , so producers reduce their quantity supplied from  $Q_{f0}$  to  $Q_{f1}$ . Since market quantity is determined by domestic and foreign quantities, if foreign quantity is reduced, then the market quantity will be reduced by the same amount, which occurs by shifting the market supply line from  $S_{m0}$  to  $S_{m1}$ . After the market supply shifts, a new market quantity ( $Q_{m1}$ ) and market price ( $P_1$ ) are established as determined by where the new market supply line ( $S_{m1}$ ) crosses the demand line ( $D_m$ ). Finally, the new foreign price and domestic quantities are found by calculating the quantities where the new market price ( $P_1$ ) crosses the new foreign supply line ( $S_{f1}$ ) and the domestic supply line ( $S_d$ ).



**Figure 4 – Shift in Supply and Demand**

If fees are reduced, then the fees are subtracted from the foreign price, foreign supply shifts out, their quantity supplied at the initial market price increases, overall market quantity

<sup>7</sup> This occurs because at each quantity that foreign producers supply, their costs, and in turn their desired selling price, have increased by the fee which means that if foreign producers were to continue producing at  $Q_{f0}$ , those producers would charge  $P_0 + FEE$ .

increases, new, lower market price and quantity are established, and the percent market quantity supplied by foreign producers increases.

#### Long-run

In the short-run, the Domestic Producers' Supply line ( $S_d$ ) did not shift, so as the market price increased to  $P_1$  (in the case of a fee increase), the quantity supplied by domestic producers increased from  $Q_{d0}$  to  $Q_{d1}$ .<sup>8</sup> The short-run increase in market price and quantity supplied resulted in the growth of the domestic producers' surplus or revenue. In the long-run, the domestic supply line will shift out as the domestic producers either increase production capacity or more domestic producers enter the market. The shift in the  $S_d$  curve continues until the overall quantity of the good supplied to the market and the market price of that good return to the equilibrium point ( $Q_{m0}$ ,  $P_{m0}$ ) before the fee existed. As a result of the fee, the domestic producers' market share and percentage of the producer surplus increases in the long-run.

If the AQI fee is reduced, the opposite occurs. Instead of the domestic supply line shifting out, it shifts in as the new market price would be below domestic producers' costs, so domestic firms would cut production or producers with higher cost per unit leave the market.

The assessment assumed that producers would be unable to shift the current transportation modes for their products from a more expensive mode to a cheaper option. While producers are expected to change their behavior in the long-run, in the short-run several potential obstacles, or barriers to exit, exist for foreign producers to successfully adapt their shipping/importation methods. First, contracts may exist between producers and transporters or purchasers. Depending on a shipping contract's structure, it may prevent transporters from increasing the price they charge producers for shipping goods, or they may prevent producers from breaking their existing contract with a transporter. Additionally, purchasing/supply contracts may exist between the foreign and a domestic firm where the foreign firm is required to provide a certain quantity of product at a certain price. Second, certain transport modes are essential for the delivery of perishable and certain goods. For instance, time-dependent items like certain agriculture products or time-sensitive documents are transported from abroad via air cargo due to its speed advantages. Finally, switching to another mode or location would impact the overall costs for the transporting firm due to capital reinvestment. An importing firm would need to reinvest or move resources from one mode to another. In addition to the purchase of new vehicle resources, the transport firm may encounter switching costs when it relocates operations from one location to another. For example, if a firm switches from importing by vessel to rail, the firm would potentially need to invest in access rights to the rail network and move loading/unloading operations from a U.S. seaport to a rail depot located outside the U.S.

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<sup>8</sup>This shift along the domestic supply curve could occur in the short-run by drawing down inventories or increasing certain non "fixed" inputs such as labor (overtime, or additional production shifts).

## INTERNATIONAL PASSENGER TRAVEL

The assessment assumed that the AQI fees assessed on international passengers (air, cruise, and rail) is paid in full by the consumers. Since all international passenger transportation firms are required to pay a set fee per passenger, it is likely that firms will still compete on fare price but would add the full passenger fee on to the consumer price.<sup>9</sup> Furthermore, the markets for international air, cruise, and rail passenger transportation have substantial barriers to entry,<sup>10</sup> which leads to few firms in the market and a high market concentration. Consequently, the market is less likely to operate under perfect competition. Whereas in the cargo assessment the fee was split between consumers and producers, in the international passenger market the consumers' prices are the competitive fare prices plus the fees, so the consumers pay 100% of the fee. Because some proposed fees represent an increase while others decrease, the discussion below covers impact of a fee increase or decrease.

### Bus Passengers

Bus transportation is the one exception to the international passenger transportation model. Due to the large number of firms in the market, the low barriers to entry, low access cost to the transportation network, and overall lower consumer prices due to lower costs, the model assumed that the bus transportation market is competitive. Consequently, bus firms compete on price charged to consumer to the point that firms pay a share of the fee.

In addition to the decrease (increase) in international passenger travel and lost (additional) revenue to passenger transportation firms, the impact from passenger spending included decreases (increases) in spending in the U.S. due to the decrease (increase) in international visitors. Similarly, changes in U.S. spending – as residents change spending behavior due to changes in fees – were also included.

For each mode of passenger transportation, the population of travelers was divided based on the place of residence (U.S. resident v. foreign resident) and frequently further subdivided based on the purpose of the trip (leisure v. business) and the length of the trip (day v. overnight).

Changes in the numbers of foreign travelers resulted in increased (decreased) levels of spending in the U.S. based on average traveler spending. This spending was allocated among the accommodation, food/beverage, shopping, arts/entertainment, and transportation industries based on average spending patterns for the particular sub-population.

<sup>9</sup> This behavior was seen after the 9/11 Security fees were introduced on air passengers and, more recently, when the overall cost of airline travel did not change when the FAA fee authorization expired in August 2011.

<sup>10</sup> Due to high capital costs and limited access to key resources such as airport gates, docks at sea ports, rail lines, etc.

Similarly, decreases (increases) in the number of U.S. residents traveling abroad led to an increase (decrease) of spending in the United States. Bus, rail, and private vehicle passengers and pedestrians were assumed to spend the entirety of their expected foreign spending in the U.S. economy. Air passengers and cruise ship passengers were expected to spend a portion of their expected foreign spending in the United States in the form of day and overnight trips – some including domestic air travel – to visit family, theme parks, and other entertainment venues.<sup>11</sup> Increases (decreases) in U.S. domestic spending were allocated to the transportation, accommodation, food/beverage, shopping, and entertainment industries based on average U.S. resident vacation spending patterns.

#### Passengers and Price Sensitivity

The approach and methodology presented here for passenger impacts assumes passengers will behave in a fully price responsive manner. Limitations in the amount of available data, and the difficulty in isolating the causal effect of exceedingly small price changes, makes this approach difficult, if not impossible, to validate with analysis of real changes in behavior. This assumption is particularly important for air passengers because they represent more than half of the AQI fee revenues. Other factors that could impact actual results include imperfect information (e.g., passengers are unaware of changes in the fee), sunk costs (e.g., commitment to a particular trip or mode), and the transaction costs associated with identifying alternatives (e.g., cost to find alternative means of transport). All these factors make passengers less price sensitive, and therefore unlikely to alter travel plans based on a change in the fee.

#### NATIONAL ECONOMIC IMPACT

In addition to calculating the short-run impacts on prices, quantities, and revenue, the economic impacts throughout the U.S. economy were analyzed with Input-Output (I-O) modeling. Results of this I-O analysis included the direct economic impacts from decreased sales, the indirect impacts caused by the iteration of industries purchasing from industries, and the induced impacts on all national industries caused by the expenditures of new household income (losses) generated by the direct and indirect effects.

The first step in estimating any change (or 'shock') to the economy is to calculate the direct economic effects from the changes in firms' revenues and costs. These can be thought of as the initial splash when one throws a pebble into a pool of standing water.

#### IMPLAN

The IMPLAN® modeling system is widely recognized as the analytic tool of choice for I-O modeling. IMPLAN is used by the Department of Transportation, Department of Defense, Bureau of Economic Analysis and over a dozen additional federal agencies along with hundreds of other state and local governments and universities. The system was originally developed by USDA's Forest Service for economic impact analyses of their projects.

<sup>11</sup> Gordon, Peter, James E. Moore, Ji Young Park, and Harry W. Richards, "The Economic Impacts of a Terrorist Attack on the U.S. Commercial Aviation System," *Risk Analysis* 27 (3) (2007): 505-512.

In order to estimate the effect of these direct impacts on the wider economy, Input Output (I-O) analysis, using the IMPLAN<sup>®</sup> software, was performed. I-O analysis is a traditional, sound economic analysis method to estimate secondary economic effects. Outputs from the IMPLAN model include both the indirect economic impacts, which represent the economic impacts due to purchases by industries, and induced impacts, which represent economic impacts due to changes in household spending.

I-O analysis is based on the fact that the U.S. economy requires certain combinations of inputs to produce and deliver any good or service – a “production function”<sup>12</sup> – which relies upon the mathematical relationship between the various inputs and their costs to the production of some good or service. In calculating the effects of some change, I-O relies upon the economic truism that a dollar spent by one entity is ultimately received as one dollar’s worth of income by some mix of other entities. In this case, reduced spending on foreign goods (and the somewhat countervailing increase in spending on competing/other domestic goods and services) are traced through the economy to calculate the net effects of the possible fee change. The IMPLAN model estimates the flow<sup>13</sup> of spending and receipts through all sectors of the economy.

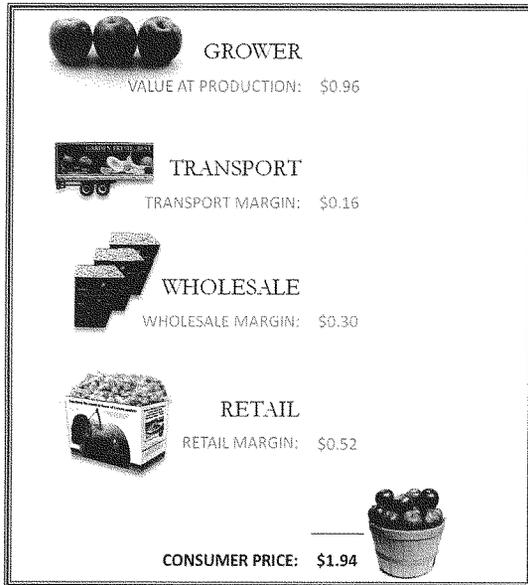
Three direct economic impacts – changes in industry revenue, industry costs, and domestic production – were input into IMPLAN to calculate net direct economic impacts and determine the total secondary economic impacts. Changes in industry revenue and increased industry costs were input as decreases in industry sales. A portion of these impacts were apportioned to foreign producers based on aggregate domestic purchasing percentages in each industry. Increases in domestic production were entered as increases in industry sales, all of which were assigned to the domestic economy. In all three cases, impacts were distributed throughout the industries based on the “margins” for each of the impacted production industries.

Margins represent the difference between a “producer” price and a “consumer” price, showing the portion of the sale price going to the retailer, the wholesaler, transporter, and the manufacturer. Distributing direct impacts through these processes provided more specific results to the economic activity triggered by the changes in retail purchases. Using local purchasing percentages and margins allowed import activity to be specified for each of the margin sectors as well as for the producing sector. Shown below in Figure 6, the IMPLAN model specified that the fruit’s grower exists outside the U.S. and the \$0.96 producer value does not decrease national economic activity; however, the remaining margins to the local retail wholesale, and transportation industries do lead to a decrease in U.S. economic activity.

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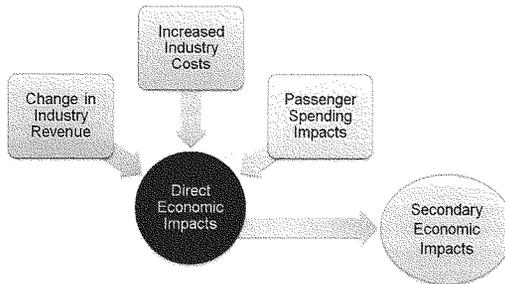
<sup>12</sup> A fixed production function distinguishes I-O analysis from Computerized General Equilibrium (CGE) models which are designed to accommodate structural and price change effects in their analyses. In particular, this analysis assumes that indirect economic consequences for all alternative fee structures can be modeled with a reasonable level of fidelity and credibility using IMPLAN I-O Models.

<sup>13</sup> Input-Output modeling does not consider an explicit transaction cost impact as part of the analysis.



**Figure 5 - Price Margins**

For each of the six scenarios evaluated, the changes in industry revenue, industry costs, and passenger spending were all entered as direct economic impacts in the I-O model, and complete economic impacts were calculated, estimating total changes in U.S. output and employment across the entire national economy.



**Figure 6 - Economic Impacts**

In the long-run, the decrease in sales of imports will be countered by an increase in domestic production. Domestic producers, whose products will not be subject to the AQI user fee, will be able to operate at a higher cost level while still remaining competitive with the higher prices charged for imports. As not all imports can be produced in the United States, some substitution would occur. Increases in long-run domestic production may not match import losses on a commodity by commodity basis; as prices on imports (e.g., exotic fruit) go up consumers will begin substituting cheaper domestic substitutes (e.g., apples) whose production will increase to account for the higher demand.

This increase in domestic production would lead to a long-run increase in domestic revenue and sales across the affected industries. Unlike the previous loss in producer revenue, this increase in domestic revenue was attributed only to U.S. production, transportation, and retail industries, highlighting a long-run increase in the direct output and employment in the U.S. These direct increases were introduced to the I-O model to determine the complete long-run impact on the national economy.

#### Key Assumptions

In order to conduct the analysis across a wide range of industries, fees, and impacts, several common assumptions about economic behavior were made:

- **Firms in the US exist in a competitive marketplace and will behave accordingly.** Competitive firms will be price takers, and will be unable to pass the full cost of the fee onto their consumers.
- **In the short-run, firms will be unable to shift transportation of goods to other less expensive transportation modes.** Though the relative level of freight fees may make certain modes more attractive, current supply contracts and investments in infrastructure will limit firms' ability to switch to using other modes of transportation.
- **International passengers would be responsible to pay the fee whether it is an increase or decrease. Passenger transportation firms would not absorb a portion of the cost themselves.** Based upon the current practice in the aviation industry, passenger transportation firms likely would not alter fares fare prices due to a change in fees imposed on the consumer. While the overall cost to passengers would change, transportation firms would not experience any change in revenue on a per ticket basis.
- **In the long-run, domestic production of goods would increase to account for the decrease of imported goods.** Based on the broad categories of goods analyzed in this assessment, the US would be able to increase domestic production in the long-run to account for the decrease in imports. While the US may not begin producing certain agricultural goods (e.g., dragon fruit) in the US, production of substitutes (e.g., plums) would increase. As a result there would be no net decrease in goods in the same category available.

- **All goods and international passenger services supply and demand curves have constant elasticity.** Elasticity measures the percentage change in the quantity demanded or supplied of a good due to a one percent change in price. This impact is assumed to be fixed for all possible prices for each good. This assumption was necessary due to data limitations regarding price elasticity.

## Data Sources

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The assessment relied on data that was largely gathered from four sources: government forms submitted by importers, research conducted by government agencies and academia, databases that are created by private-sector firms using government released data, and general reporting standards. Unfortunately, this data was not always collected in the same units or with the same standards, so the first step in the assessment was to standardize quantity (kilograms [kg]) and values (dollars and \$/kilogram) for each of the categories of goods considered.

### IMPORT QUANTITY AND VALUE

Data on U.S. imports are categorized based on the Harmonized Tariff Schedule of the U.S. (HTSUS),<sup>14</sup> which specifies a unique 4, 6, 8, or 10 digit code to each specific U.S. import. The 1,295 four digit HTS codes were consolidated into a smaller more manageable set of goods for the analysis. Each HTSUS code was analyzed and aggregated into one of 24 good categories:

- Clothing and footwear
- Optical/Medical
- Minerals
- Chemicals
- Plastics
- Miscellaneous Manufactured Articles
- Wood and Wood products
- Stone
- Semiprecious Stones, Gems, etc.
- Metal
- Machinery
- Vehicles
- Arms
- Art
- Live Animals
- Meat & Fish
- Dairy
- Live Trees, Cut Flowers, etc.
- Fruit & Vegetables
- Coffee, Tea, etc.
- Cereals, Malts, Starches, etc.
- Oil Seed, Miscellaneous Grain
- Other Animal/Plant

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<sup>14</sup> United States International Trade Commission, *HTS 4 Descriptions*, [http://dataweb.usitc.gov/scripts/commodities/commodity\\_list.asp?commod=hts4](http://dataweb.usitc.gov/scripts/commodities/commodity_list.asp?commod=hts4)

- Prepared Foodstuffs

Customs and Border Protection (CBP) collects detailed information relating to the importing of goods into the United States through CBP Form 7501. Any person or entity that imports goods into the U.S. is required to fill out and submit this form upon crossing the border. The U.S. Census Bureau consolidated and provided 2010 data including mode of transportation, weight of goods (kg) and value of goods for each four digit HTSUS code.

In the assessment, the market price was the price that the final consumers pay, but this value is not the same as the "Value" that was declared by the importers at the border. The "Value" that was reported through CBP/Census was augmented by adding the cost of international shipping (shipping to reach the U.S. border), cost of domestic shipping (shipping from the border to final consumer), and the expected mark-ups that are added as the good moves through the supply chain.<sup>15</sup> As a result, the assessment took the producer price<sup>16</sup> to the final consumer price, which in a competitive market is the market price and was the value used to analyze AQI fees.

#### Diverse Impacts

While consolidating industries was invaluable in conducting the assessment, the results only represent the expected aggregate impact in the industry, and not necessarily what will happen for each good in the group. For instance, the reported change in quantity and price for Fruit & Vegetables cannot be directly attributed to every good in that group; a price increase of 5% for the group does not mean that the price of commodities will go up by 5%. It is possible for most goods in a group to not be impacted by the fee, one good in that group to be drastically impacted, and the good group's result to be skewed in one direction.

The impact of the fee on individual goods will be determined by the good's market structure, including number of firms, foreign versus domestic supply, foreign versus domestic producer costs, barriers to entry/exit, PED and PES for that particular good, level of fixed inputs, etc. While the results are a reasonable representation of the expected impact to the industry as a whole, they cannot be broken down to individual goods levels.

Information on domestic production of commodities was taken from the 2009 IMPLAN national data sets. This data set includes information on Net Commodity Supply, measured in value (dollars) of goods supplied to the market (domestic supply less foreign exports) for each of 440 economic sectors modeled in IMPLAN.<sup>17</sup> Sectors from the IMPLAN scheme were aligned with the 24 categories of goods considered in the assessment. Given the

<sup>15</sup> Logically, these additions make sense because if the foreign produced good's final price (Value + International Shipping + Internal Market Shipping + Mark-up) was greater than the market price, consumers would not purchase the good.

<sup>16</sup> The price they would charge to direct consumers at the producer's production facility.

<sup>17</sup> The determination of the 440 sectors is based on the Bureau of Economic Analysis's Benchmark Input-Output Study.

assumption of a competitive marketplace, the value of goods was divided by the price per good from CBP import statistics to determine the quantity of goods produced domestically.

### **INTERNATIONAL PASSENGER TRAVEL**

Information on total number of incoming passengers was based on CBP and industry workload projections, and price information was taken from a variety of sources. Price information on passenger travel included two components – passenger fare information (e.g., airfare cost) and total trip expenditures (e.g., accommodation, food, and incidentals). Passenger fare information was used to calculate impact on revenue to the passenger transportation industries while the overall cost to the consumer (fare plus expenditures) was used as the baseline consumer price. The change in fees was added on to this consumer price, allowing for a calculation of the percent change in price and subsequent percent change in the number of passengers.

For each mode of passenger transportation, the total population entering the U.S. was disaggregated based on some combination of country of residence, length of stay, and purpose of visit. The percentages of passengers in each category, as well as the expected trip expenditure values, are included for each mode of passenger transport.

#### **Airline Passengers**

Information on average airfare prices was taken from the U.S. Department of Commerce/International Trade Administration (ITA)/Office of Travel and Tourism Industries (OTTI) profile of U.S. resident travelers abroad. The average airfare price for 2009 was reported at \$1,177 and additional expenditures were recorded as \$1,320 per visitor. Utilizing the Bureau of Transportation Statistics Air Travel Price Index (ATPI) both data points were updated to 2010 costs of \$1,276 and \$1,431, respectively. Additional expenditures of \$1,264 for foreign visitors to the United States were taken from the U.S. OTTI data on 2010 tourism receipts.

#### **Cruise Ship Passengers**

Business Research and Economic Advisors (BREA) conducted a full study of the economic impact of the North American cruise ship industry in 2010. Fare costs and at-sea spending averaged \$1,620 per passenger. Additional spending on transportation to reach ports of embarkation and while at ports of embarkation averaged \$451 per passenger, which brought the overall cost to \$2,071.

### Rail Passengers

Fare prices for rail passengers were taken from the average fare price for six international routes between Canada and the United States. Rail transportation between Mexico and the U.S. represented less than 1% of total international rail travel, and was not included. Additional passenger expenditures were broken down into four categories based on country of residence and the length of international travel. The total portion of international rail travelers in each category was derived from the 2010 travel statistics from the North American Transportation Statistics Database. Data on U.S. resident spending was derived from U.S. travel spending patterns,<sup>18</sup> and data on Canadian resident spending was taken from the U.S. ITA statistics on Canadian travel in the United States.

**Table 1 - Rail Passenger Spending Levels**

Category	Percent of Travelers	Passenger Expenditures
U.S. Resident – Overnight	61%	\$687.88
U.S. Resident – Day	21%	\$127.60
Foreign Resident – Overnight	0%	\$354.32
Foreign Resident – Day	18%	\$121.47

### Bus Passengers

Fare prices for bus passengers were taken from the average fare price for four international routes between Canada and the U.S. and Mexico and the U.S. Additional passenger expenditures were broken down into four categories based on country of residence and the length of international travel. The total portion of international bus travelers in each category was derived from the 2010 travel statistics from the North American Transportation Statistics Database. Data on U.S. resident spending was derived from U.S. travel spending patterns,<sup>19</sup> while data on foreign resident spending was taken from the U.S. ITA statistics on Canadian travel in the United States.

**Table 2 - Bus Passenger Spending Levels**

Category	Percent of Travelers	Passenger Expenditures
U.S. Resident – Overnight	18%	\$687.88
U.S. Resident – Day	26%	\$127.60
Foreign Resident – Overnight	36%	\$354.32
Foreign Resident – Day	20%	\$121.47

<sup>18</sup> Richardson HW, Gordon P, Moore II JE. "Tourism and Terrorism: The National and Interregional Economic Impacts of Attacks on Major US Theme Parks." In *The Economic Costs And Consequences Of Terrorism*, Richardson HW, Gordon P, and Moore II JE. Edward Elgar Publishing, 2007

<sup>19</sup> *Ibid.*

### Private Vehicle Passengers

No explicit passenger fare was considered for private vehicle passengers; however, aggregate spending per trip was considered for six categories of travelers based on nationality and length and purpose of stay. The total portion of international travelers in each category was derived from the 2010 travel statistics from the North American Transportation Statistics Database. Data on U.S. resident spending was derived from U.S. travel spending patterns,<sup>20</sup> while data on Canadian resident spending was taken from the U.S. ITA statistics on Canadian travel in the United States. Data on Mexican resident spending in the U.S. was taken from an analysis of Mexican visitor spending in the United States.<sup>21</sup>

**Table 3 - Private Vehicle Passenger Spending Levels**

Category	Percent of Travelers	Passenger Expenditures
U.S. Resident - Overnight	11%	\$687.88
U.S. Resident - Day	35%	\$127.60
Canadian Resident - Overnight	7%	\$423.81
Canadian Resident - Day	14%	\$121.47
Mexican Resident - Leisure	24%	\$212.59
Mexican Resident - Business	10%	\$15.37

### Pedestrians

No explicit passenger fare was considered for pedestrians; however, aggregate spending per trip was considered for six categories of travelers based on nationality and length and purpose of stay. The total portion of international pedestrians in each category was derived from the 2010 travel statistics from the North American Transportation Statistics Database. Data on U.S. resident spending was derived from U.S. travel spending patterns<sup>22</sup> while data on Canadian resident spending was taken from the U.S. ITA statistics on Canadian travel in the United States. Data on Mexican resident spending in the U.S. was taken from an analysis of Mexican visitor spending in the United States.<sup>23</sup>

**Table 4 - Pedestrian Spending Levels**

Category	Percent of Travelers	Passenger Expenditures
U.S. Resident - Overnight	7%	\$687.88
U.S. Resident - Day	31%	\$127.60
Canadian Resident - Overnight	< 1%	\$355.75
Canadian Resident - Day	< 1%	\$121.47
Mexican Resident - Leisure	34%	\$63.70
Mexican Resident - Business	28%	\$5.97

<sup>20</sup> Richardson HW, Gordon P, Moore II JE. "Tourism and Terrorism: The National and Interregional Economic Impacts of Attacks on Major US Theme Parks." In *The Economic Costs And Consequences Of Terrorism*. Richardson HW, Gordon P, and Moore II JE. Edward Elgar Publishing, 2007

<sup>21</sup> Vera K. Pavlakovich-Kochi, Ph.D. and Alberta H. Charney, Ph.D., *Mexican Visitors to Arizona: Visitor Characteristics and Economic Impacts, 2007 - 2008*, (The University of Arizona), December 2008.

<sup>22</sup> *Ibid.* 17.

<sup>23</sup> *Ibid.* 18.

### PRICE ELASTICITY OF DEMAND

Data on price elasticity of demand was gathered from a number of academic, government, and private sector studies and data sets. Elasticity of demand values were selected for each of the 24 categories of goods and each mode for international passenger transportation, reflecting the overall impact of the imposition of comprehensive user fees.

#### Elasticity for Imported Goods

The USDA Economic Research Service (ERS) maintains the "ERS Commodity and Food Elasticities Database," which provides estimates for price and income elasticities within the realms of food, farming, natural resources and rural America. The database itself is a collection of elasticities from a wide range of professional and academic resources.

The database was queried to provide price elasticity of demand values for several categories. The ERS provides average estimates of elasticity, reflecting the estimates determined in all the studies included in the database. Average elasticity estimates were taken for all the goods contained within a single good category.

**Table 5 - ERS Elasticity of Demand Values**

<b>Good Category</b>	<b>PED Estimate</b>
Clothing, Footwear, and other goods	-0.707
Miscellaneous Manufactured Articles	-0.768
Semiprecious Stones, Gems, etc.	-0.990
Live Animals	-0.990
Meat & Fish	-0.575
Dairy	-0.577
Live Trees, Cut Flowers, etc.	-0.990
Fruit & Vegetable	-0.705
Coffee, Tea, etc.	-0.588
Cereals, Malts, Starches, etc.	-0.983
Oil Seed, Miscellaneous Grain	-0.491
Other Animal/Plant	-1.303
Prepared Food Stuffs	-0.316

The remaining PED estimates were gathered from various academic and professional publications.

**Table 6 - Remaining Elasticity of Demand Values**

Good Category	PED Estimate
Optical/Medical <sup>24</sup>	-1.680
Minerals <sup>23</sup>	-2.050
Chemicals <sup>23</sup>	-1.323
Plastics <sup>23</sup>	-2.270
Wood and Wood Products <sup>25</sup>	-0.617
Stone <sup>23</sup>	-1.380
Metal <sup>23</sup>	-2.940
Machinery <sup>23</sup>	-1.420
Vehicles <sup>26</sup>	-0.870
Arms <sup>27</sup>	-2.400
Art <sup>28</sup>	-0.500

### Passenger Elasticity of Demand

A key component in determining price elasticity is the availability and attractiveness of alternatives. The imposition of fees on virtually all modes of transportation into the U.S. significantly reduces the availability of comparable alternatives. There is little comparable history or literature to determine appropriate elasticities for such broad increases in cost. Elasticity values were determined based on historical data and literature studies and were adjusted as appropriate.

#### Air Passengers

Extensive amounts of research on price elasticity of demand for passenger air travel exist, with estimates of price elasticity values calculated for specific routes, regions, and nations, as well as several global estimates.<sup>29</sup> Estimates for price elasticity vary widely among the studies based on the data sets, geographic regions, time frames, and route specifications

<sup>24</sup> Stone, Joe A. "Price Elasticities of Demand for Imports and Exports: Industry Estimates for the U.S., The E.E.C. and Japan." *The Review of Economics and Statistics*, 61 (2) (May, 1979) (<http://www.jstor.org>).

<sup>25</sup> Nagubadi, Rao, Daowi Zhang, Jeffrey P. Prestermon, and David N. Wear, "Softwood Lumber Products in the United States: Substitutes, Complements, or Unrelated?," *Forest Science* 50,4 (2004), 416.

<sup>26</sup> McCarthy, Patrick, S., "Market Price and Income Elasticities of New Vehicle Demands," *The Review of Economics and Statistics* 78, 3 (1996): 543-547.

<sup>27</sup> Brice, Douglas C, and David D. Hemley, "The Market for New Handguns: An Empirical Investigation," *Journal of Law and Economics* 45, 1 (2002): 251-265.

<sup>28</sup> Lange, Mark D. and William Luksetich, "Demand Elasticities for Symphony Orchestras," *Journal of Cultural Economics* 8, 1 (1984), 29.

<sup>29</sup> Gillen, D.W, W.G. Morrison, and C. Stewart, *Air Travel Demand Elasticities: Concepts, Issues and Measurement*, Department of Finance, Government of Canada, (2003).

used in models.<sup>30</sup> Selection of explanatory variables and model construction – including specification of the stages of a decision process – also play a very significant role in the determination of final elasticity values.

The consulting firm InterVISTAS<sup>31</sup> prepared an estimate of air travel demand elasticities for the International Air Transportation Association (IATA) in 2007. The study estimated elasticity values across a number of markets and geographic areas. Table 8 provides a select subset of the elasticities developed in that report. These elasticity values were used as the basis for the price elasticity in the analysis of AQI fees.

**Table 7 - Air Travel Price Elasticities**

Market	Price Elasticity
Pan-National Trans Atlantic	-0.72
Pan-National Trans Pacific	-0.36
National Intra North America	-0.80

In order to develop a single estimate of price elasticity, the elasticity values were weighted based on the number of air passenger arrivals (departures) to (from) the U.S. from (to) Europe, Asia, and the rest of North America. Table 9 provides a summary of the values used to calculate the weighting factors.

**Table 8 - Air Travel Price Elasticity Summary Data**

Origin	Annual Air Travel <sup>†</sup>	Percent of Air Arrivals <sup>*</sup>
Europe	23,529,284	34%
Asia	10,956,370	16%
North American	22,880,573	33%
Other Overseas	12,834,368	18%

<sup>†</sup> 2009 Values on inbound and outbound air travelers from the International Trade Administration: Office of Travel and Tourism Industries  
<sup>\*</sup> Values do not sum to 100% due to rounding

As no consistent estimate of price elasticity for the Other Overseas category was found, this category was ignored, and the percent of total arrivals was normalized for the three remaining categories. A weighted price elasticity of demand was calculated using the equation below:

$$(0.41 * -0.72) + (0.19 * -0.36) + (0.40 * -0.80) = -0.683$$

<sup>30</sup> Martjin Brons, et al., "A Meta-analysis of the Price Elasticity of Gasoline Demand. A System of Equations Approach," *Tinbergen Institute Discussion Papers 06-106/3*, Tinbergen Institute, (2006).

<sup>31</sup> Kincaid, I and M.Tretheway, "Estimating Air Travel Demand Elasticities," InterVISTAS, (2007).

This estimate fell within the range of elasticity values found throughout numerous published works on price elasticity.<sup>32</sup>

#### Cruise Ship Passengers

Elasticity values for cruise ship passengers were taken from the Federal Trade Commission's analysis of the competitiveness of the cruise line market. Impact analysis of changes in cruise capacity and in prices estimated a short-run elasticity of demand of -2.0.<sup>33</sup>

#### Rail and Bus Passengers

Data and analysis of bus and rail elasticity was largely confined to urban and intra-city transit, and little data was available on intercity, much less international travel. Some research provided intercity price elasticity estimates for rail and bus passengers at -1.2 and -0.69<sup>34</sup> while others estimated short-run elasticities of -0.69 and -0.28, respectively.<sup>35</sup> These values were averaged and adjusted upward 15 percent to account for increases in telecommunications technology alternatives, leading to overall elasticities of -1.1 for rail passengers and -0.56 for bus passengers.

#### Private Vehicle Passengers and Pedestrians

A comprehensive analysis<sup>36</sup> of data and studies from previous approximations estimated a price elasticity of demand of -0.59 for transportation cost.<sup>37</sup> This value was used for private vehicle elasticity, and reduced by 50 percent for pedestrian travel. For both cases, Mexican business travelers were assumed to have an elasticity of demand of -0.1.<sup>38</sup>

### PRICE ELASTICITY OF SUPPLY

Data on price elasticity of supply was gathered from a number of academic, government, and private sector studies and data sets. Elasticity of supply values were selected for each of the 24 categories of goods and each mode of transportation.

<sup>32</sup> See Crouch, Geoffrey I., "A Meta-Analysis of Tourism Demand." *Annals of Tourism Research* 22 (1) (1995): 103-118.; Gillen, D.W, W.G. Morrison, and C. Stewart, "Air Travel Demand Elasticities: Concepts, Issues and Measurement" *Department of Finance, Government of Canada*, (2003).; Jorge-Calderon, J. D. "A demand model for scheduled airline services on international European routes," *Journal of Air Transport Management* 3 (1) (1997): 23-35.; Mayor, K. and R.S.J Tol, "The Impact of the EU-US Open Skies Agreement on International Travel and Carbon Dioxide Emissions," *Working Paper FNU-134, Research Unit Sustainability and Global Change, Hamburg University and Centre for Marine and Atmospheric Science*, April 2007.; and Njegovan, Nenad, "Elasticities of demand for leisure air travel: A system modeling approach," *Journal of Air Transport Management* 12 (1): 33-39, (2006).

<sup>33</sup> Mary T. Coleman, David W. Meyer, and David T. Scheffman, "Empirical Analyses of Potential Competitive Effects of a Horizontal Merger: The FTC's Cruise Ships Mergers Investigation," *Review of Industrial Organization*, <http://www.ftc.gov/be/riocruise0703.pdf>.

<sup>34</sup> Kenneth A. Small and Clifford Winston, "The Demand for Transportation: Models and Applications," *Department of Economic and Institute of Transportation Studies University of California*, October 1998.

<sup>35</sup> Phil Goodwin, "Review of New Demand Elasticities With Special Reference to Short and Long Run Effects of Price Changes," *Journal of Transportation Economics*, 26 (2) (May 1992): 155-171.

<sup>36</sup> Johan Holmgren, "Meta-analysis of public transport demand," *Department of Management and Engineering, Linköping University*, June 2007.

<sup>37</sup> Studies included consideration for increases in technology.

<sup>38</sup> No data was available to segment Canadian travelers based on the purpose of travel

Most good categories within the assessment were assigned a PES value based on academic research and publications, and the remaining good categories' PES values were obtained from Subject Matter Experts (SMEs).

**Table 9 - Price Elasticity of Supply Estimates**

Good Category	PES Estimate
Clothing, Footwear, and other goods <sup>39</sup>	1.00
Optical/Medical <sup>39</sup>	1.00
Minerals <sup>40</sup>	0.11
Chemicals <sup>40</sup>	0.11
Plastics <sup>39</sup>	0.11
Miscellaneous Manufactured Articles <sup>39</sup>	1.00
Wood and Wood products <sup>41</sup>	0.3
Stone <sup>40</sup>	0.12
Semiprecious Stones, Gems, etc... <sup>41</sup>	0.12
Metal <sup>41</sup>	0.12
Machinery <sup>39</sup>	0.80
Vehicles <sup>39</sup>	0.80
Arms <sup>39</sup>	1.00
Art <sup>40</sup>	0
Live Animals <sup>42</sup>	0.38
Meat & Fish <sup>42</sup>	0.38
Dairy <sup>41</sup>	0.18
Live Trees, Cut Flowers, etc... <sup>42</sup>	0.17
Fruit & Vegetables <sup>41</sup>	0.28
Coffee, Tea, etc... <sup>41</sup>	0.27
Cereals, Malts, Starches, etc... <sup>42</sup>	0.17
Oil Seed, Miscellaneous Grain <sup>42</sup>	0.17
Other Animal/Plant <sup>42</sup>	0.25
Prepared Foodstuffs <sup>40</sup>	0.49

## SHIPPING COSTS AND MARGINS

The shipping cost data was derived from information reported by the Department of Commerce, Bureau of Economic Analysis (BEA) in their annual U.S. International Transaction Accounts.<sup>43</sup> According to the BEA's published methodology, "freight charges for transporting U.S. imports are included in the U.S. international transactions accounts as freight payments" and "port service payments are the value of goods and services procured

<sup>39</sup> Riedel, James, "The Demand for LDC Exports of Manufactures: Estimates from Hong Kong" *The Economic Journal* 98 (389) (1988): 138-148.

<sup>40</sup> Subject Matter Expert (SME)

<sup>41</sup> Bond, Marian E., "An Econometric Study of Primary Commodity Exports from Developing Country Regions to the World" *Staff Paper - International Monetary Fund* 34 (2) (1987): 191-227.

<sup>42</sup> Tweeten, Luther G. and C. Leroy Quance "Measures of Aggregate Supply Elasticities: Some New Approaches" *The American Economic Review* 59 (2) (1969): 175-183.

<sup>43</sup> BEA, U.S. International Services, Summary Statistics, *Table 3: Travel, Passenger Fares, and Other Transportation 2009*, [http://www.bea.gov/international/xls/table\\_E.xls](http://www.bea.gov/international/xls/table_E.xls) (September 7, 2011).

by U.S. carriers in foreign ports.”<sup>44</sup> Based on the definitions, the two payment values were added together in order to calculate the total value of shipping services for each mode. Once the total value of the shipping services was calculated for each mode, it was divided by the total quantity (kilograms) imported by the specific mode.

For Air and Ocean/Vessel cargo:

$$\text{Shipping Price}_{mode} = \frac{\text{Total Other Transportation Payments}_{mode}}{\text{Quantity Imported}_{mode}}$$

BEA did not give rail and truck their own data listing; instead, these two modes were included in the “Other” category. The study assumed that truck and rail are competitors in the international shipping industry and, consequently, have the same shipping rate. Thus, the total payment value for a mode was calculated by weighting the total “Other” payment value based on the quantity imported of one mode divided by the quantity imported by both modes. Then, the resulting value was divided by the quantity imported for that specific mode. As a result, the assessment calculated the same cargo shipping rate for both, truck and rail transportation.

Since it is assumed that rail and truck cargo have the same shipping prices, their price is calculated using:

$$\text{Shipping Price}_{mode} = \frac{\text{Total Other Transportation Payments}_{Other}}{\text{Quantity Imported}_{Truck} + \text{Quantity Imported}_{Rail}}$$

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<sup>44</sup> BEA, *U.S. International Transactions Accounts: Concepts and Estimation Methods*, 19-20, [http://www.bea.gov/international/pdf/bach\\_concepts\\_methods/Other%20Transportation.pdf](http://www.bea.gov/international/pdf/bach_concepts_methods/Other%20Transportation.pdf). (September 7, 2011).

Mr. Harris: Please provide cost data for AQI of aircraft that carry only commercial cargo ("freighter" or "all-cargo" flights).

Response: We are providing the 2010, 2011 and 2012 actual cost data for commercial aircraft used in the model for calculating the proposed fees in the table below. Agricultural Quarantine and Inspection related inspection activities of aircraft carrying cargo are the same whether the aircraft is strictly a cargo aircraft or passenger aircraft that also carries cargo. The inspection is based upon risk and is for the conveyance rather than the cargo within the conveyance unless that cargo is a regulated commodity. Since the inspection is risk based, the variation of cost between the "cargo" aircraft and the passenger aircraft carrying cargo is not a consideration and our fee cost model does not separate the cost into these two categories.

The commercial aircraft fee charged covers, among other things, costs incurred in reviewing manifests and documentation accompanying incoming cargo; targeting higher-risk cargo for inspection or clearance; inspecting agricultural and agricultural-related commodities, international mail, expedited courier packages, containers, wood packaging and other packing materials and determining entry status; inspecting the aircraft hold or exterior for contaminants, pests, or invasive species; identifying pests found during those inspections; and safeguarding shipments pending the determination for treatment or final disposition. If cargo being transported on a passenger flight requires treatment due to pest infestation, there would be an additional fee for such treatment.

COMMERCIAL AIRCRAFT COST DATA

	FY 2010	FY 2011	FY 2012
Unit cost per aircraft	\$231.13	\$217.82	\$216.82
Total Cost	\$147,921,08	\$157,644,90	\$161,831,47

Mr. Harris: Please provide cost data for AQI for passenger aircraft (some of which may carry commercial cargo) and data that show exactly what AQI costs for these flights are not covered by air passenger-paid AQI.

Response: We are providing the 2010, 2011 and 2012 actual cost data in the tables below for air passenger inspections used in the model for calculating the proposed fees. The air passenger fee covers the cost of inspections related to passengers and the passenger and crew compartments of the plane, while the commercial aircraft fee covers cargo-related inspection costs. Specifically, the air passenger fee covers the costs for, among other things, screening passengers upon arrival for agricultural products by Customs and Border Protection (CBP) Agriculture Specialists and CBP Officers; inspecting baggage using CBP agriculture canines and specialized non-intrusive inspection equipment; inspecting the interior of the passenger aircraft; monitoring the storage and removal of regulated international garbage from the aircraft; safeguarding and disposing of any seized or abandoned prohibited agricultural products; and identifying pests found on prohibited agricultural products brought into the country by air passengers.

The costs related to commercial aircraft are detailed in the response to the previous question.

## AIR PASSENGER COST DATA

	FY 2010	FY 2011	FY 2012
Unit cost per air passenger	\$3.80	\$3.71	\$4.11
Total Cost	\$305,794,820	\$317,606,024	\$309,021,905

Mr. Harris: Please provide all documents and communications related to the analysis APHIS and its contractors did to determine the proposed fee structure.

Response: Documents and communications related to the APHIS analysis of the proposed fee structure are provided for the record.

[The information follows:]



**United States Department of Agriculture  
Animal and Plant Health Inspection Service  
Agriculture Quarantine and Inspection (AQI) Program**

**AQI Fee Schedule Assessment and Alternatives**



**May 21, 2012**

**Revised**

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## 1. Introduction

The United States Department of Agriculture (USDA) Animal Plant Health and Inspection Service (APHIS) Agricultural Quarantine and Inspection Program (AQI) protects America's animal and plant resources from agricultural pests and diseases. To fund the program, AQI charges fees for inspection of international passengers and cargo conveyances. The current AQI fee structure establishes fees for commercial vessels, trucks, railroad cars, aircraft, and international air passengers. APHIS engaged Grant Thornton to conduct a comprehensive fee review to determine the full cost of AQI services, identify potential changes to the fee structure, and recommend new fees.

Section 2 of this document describes the criteria we used to identify options and develop the fee schedule alternatives. Several of the sections of this document address specific deliverables for the AQI fee review, as shown in the following table. The assessment of current AQI fee caps (Section 3) is presented before the alternatives because it was an important factor in developing the alternatives discussed in Section 5.

Deliverable	Document Section
Deliverable 6-3: Evaluate the current maximum charges (fee caps)	Section 3 – AQI Fee Caps
Deliverable 6-1: Make recommendations on potential restructuring of fee categories	Section 4 – Approach to Developing Fee Schedule Alternatives
Deliverable 6-6: Identify any new potential areas for user fees	Section 5 – Alternative Fee Schedules
Deliverable 6-2: Evaluate current user fee exemptions listed in the regulations	Section 6 – AQI Fee Exemptions
Deliverable 6-4: Evaluate how well the current user fee structure relates to risk-based, science-based services	Section 7 – Risk and Science-Based Services

**Table 1-1**

## 2. Criteria for Fee Schedule Revisions

We identified a number of requirements and criteria that were used to develop options for restructuring the AQI fee schedule.

### 2.1. Fee Setting Standards and Requirements

We used several authoritative sources relating to the AQI fee review requirements:

- **AQI fee authority:** We reviewed the statutory language for AQI's fee authority. This is an important source because it grants fee setting authority for the AQI program and includes several requirements for how the fees should be set. In particular, the AQI fee authority states that:
  - Passenger fees are for "international passengers", indicating fees can be charged for any international passenger, not just air passengers.
  - The fees should be commensurate with the costs with respect to the class of persons or entities paying the fees. This is intended to avoid cross-subsidization of AQI services.
  - The cost of AQI services with respect to passengers as a class should include the cost of related inspections of the aircraft or other vehicle.

We also consulted with the USDA Office of General Counsel (OGC) to obtain their opinion on the permissibility of several options we considered as we developed the fee schedule alternatives.

- **OMB Circular A-25: *User Charges*:** This OMB circular serves as the fee setting standard for the federal government and provides guidance to agencies regarding issues such as inclusion of all appropriate costs (full cost) and policy considerations for establishing fees.
- **Federal Accounting Standards Advisory Board (FASAB) Statement No. 4: *Managerial Cost Accounting Concepts and Standards for the Federal Government*:** FASAB Statement No. 4 defines the concepts and requirements for managerial cost accounting in the federal government. In particular, it identifies several appropriate methodologies for managerial cost accounting (including activity based costing) and provides a more detailed definition of full cost.

### 2.2. Policy Considerations

In addition to the requirements identified above, we considered other criteria in assessing the desirability of specific fee options as well as the fee structure overall.

- **Distinct output or service:** Any item added to the fee schedule must be a clearly defined output or service. This is important for determining the unit cost (i.e., it can be counted) and knowing when the fee would be charged (specific service provided to a fee payer).
- **Beneficiary pays:** The beneficiary pays criterion is fundamental to fee setting. The basic principle is that charging a fee is appropriate for a service (or privilege) that provides special benefits to an identifiable recipient beyond those that accrue to the general public. We looked for cases where there is currently no fee for specific services and where a particular fee payer causes additional cost (e.g., fumigation treatments) compared to the other fee payers.

- **Simplicity:** Fees should be constructed in as simple a manner as possible to limit the effort and cost required to implement and administer the fees. This benefits the government and fee payers.
- **Logistical/administrative impact:** We considered the logistical and administrative implications of specific fee options, considering the impact on the government and the fee payers. This included any new infrastructure or process requirements (and associated costs) or delays crossing the border that would result from establishing a fee. We also considered the materiality of the revenue that would be collected relative to the requirements for establishing a new process or infrastructure to collect the fee. The costs associated with any services excluded from the fee schedule are not recovered through cross-subsidization with other fees and are assumed to be paid by appropriations.
- **Consistency with CBP structure:** Where appropriate, we wanted to make the AQI fee structure consistent with the current relevant CBP fees. This is important because CBP, as a partner in the AQI program, could have responsibilities related to collecting some of the new fees. In addition, keeping the AQI and CBP fee structures and processes comparable makes the AQI fees clearer to the fee payers.
- **Economic impact:** We used the results of the economic analysis that was conducted as part of the AQI fee review. In doing so, we considered the impact to specific industry sectors (e.g., truck cargo, maritime cargo, etc.) as well as to the United States economy overall. The methodology used to estimate the economic impact produces a “reasonable worst case scenario” in terms of changes to employment and output. In that respect, it is a more conservative approach in that it overstates the likely impact from the changes. Developing a more “reasonable” basis would have required a much more robust and detailed analysis, including looking at the labor market within individual sectors of the economy. An overview of the economic impact estimate is provided in Section 4.
- **Stakeholder input:** We held a meeting with AQI external stakeholders (primarily industry associations) to obtain feedback on the options being considered, and also received additional comments after the meeting.

### 3. AQI Fee Caps

This section addresses Deliverable 6-3 of the statement of work. This task involved identifying and assessing the impact of the current AQI fee caps, which limit the number of times a specific conveyance must pay the fee in a given year. The intent of the caps is to minimize the economic impact on commerce (transporters and consumers of imported goods), and provide an incentive for compliance (e.g., truck transponders, as discussed later). From the AQI program funding perspective, the fee caps reduce the amount of revenue collected, although costs are still incurred to perform the inspections. As a result, a portion of AQI costs are currently funded through appropriations rather than having the AQI fees recover the full cost of the program.

The current AQI fee caps are:

- Trucks = 20 crossings (with transponder)
- Maritime Vessels = 15 arrivals
- Railcars = 20 crossings

To take advantage of the cap, trucks must purchase a transponder, and the current transponder fee is 20 times the fee charged for an individual truck crossing. Maritime vessels pay the fee each time they arrive at port for the first 15 arrivals. Fees for railcars are paid on a quarterly basis, up to 20 crossings per year for a given railcar. There is no cap associated with air cargo. These caps were set when the AQI fees were initially established and are the same as the caps used by CBP. While the intent of the caps is to limit the cost of imports so as not to discourage commerce, we were not able to find any information indicating why the caps are set at these particular levels. It is important to note that the caps prevent recovery of the full cost of the AQI program and, as imports increase, the gap between cost and revenue will likely increase if the caps stay at the current level.

To assess the impact of the current fee caps, we used FY2010 baseline cost and revenue information to estimate the extent of revenue lost due to the caps. For each fee item that has a cap, we have shown the total cost of providing that service and compared it to the amount of revenue collected to show the overall gain or loss for each fee service. As shown in Table 3-1 below, the AQI program lost money on vessels and trucks but made a small amount of money on railcars.

Fee Service	FY2010 Total Cost	FY2010 Revenue	FY2010 Gain (Loss) *
<b>Commercial Vessel</b>	\$97,451,079	\$25,510,420	(\$71,940,659)
<b>Commercial Truck</b>	\$71,520,384	\$13,864,727	(\$57,655,657)
<b>Commercial Rail</b>	\$4,738,663	\$7,917,885	\$3,179,222
* Gain or (Loss) = Revenue - Total Cost			

**Table 3-1**

To assess the impact of the caps, we separated gains/losses that are the result of 1) the fee being higher or lower than the unit cost; and 2) the lost revenue due to the caps. The table below provides information gathered and calculated to assess the impact of the caps.

Fee Service	FY2010 Total Cost	Volume	Unit Cost *	Current Fee	Revenue Gain (Loss) Due to Unit Cost **	Revenue Loss Due to Caps ***
<b>Commercial Vessel</b>	\$97,451,079	117,262	\$831.05	\$494.00	(\$39,523,157)	(\$32,417,502)
<b>Commercial Truck</b>	\$71,520,384	10,130,010	\$7.06	\$5.25	(\$18,335,318)	(\$39,320,339)
<b>Commercial Rail</b>	\$4,738,663	2,718,375	\$1.74	\$7.75	\$16,337,434	(\$13,158,212)
<b>Total</b>						(\$84,896,052)
* Unit Cost = Total Cost / Volume						
** This is the gain (loss) due to the difference between the current fee and the unit cost. The calculation is: Revenue Gain (Loss) Due to Unit Cost = (Current Fee - Unit Cost) x Volume						
*** The revenue loss due to caps is assumed to be the difference between the overall gain (loss) and the gain (loss) due to the difference between the current fee and unit cost. The calculation is: Revenue Loss Due to Caps = Gain (Loss) - Revenue Gain (Loss) Due to Unit Cost						

**Table 3-2**

As shown in Table 3-2, the overall revenue impact of the AQI fee caps is approximately \$84.9 million. The issues related to each fee are:

- **Commercial Vessel:** As shown in Table 3-1, the AQI program lost approximately \$71.9 million on commercial vessel fees. This is due in part to the fact that the current fee does not cover the actual unit cost of an inspection, which accounts for approximately \$39.5 million of the loss. The remainder, approximately \$32.4 million, is due to the cap on vessels.
- **Commercial Truck:** As shown in Table 3-1, commercial trucks had an overall loss of approximately \$57.7 million. Of this amount, approximately \$18.3 million was due to the fee being less than the unit cost and \$39.3 million due to the caps. This is consistent with our calculation showing that trucks with transponders crossed an average of 106 times, significantly more than the transponder fee of 20 times the individual truck fee. The trucks must still be processed and inspected but no fee is collected beyond the amount of the transponder.
- **Commercial Railcar:** The AQI program made nearly \$3.2 million on railcars in FY2010 (see Table 3-1) due to the fact that the current fee significantly exceeds the unit cost. However, without a cap, the AQI program would have made approximately \$16.3 million from railcars (see Table 3-2), compared to an actual gain of \$3 million. The difference of approximately \$13.2 million shows the impact of the railcar cap.

CBP currently bears the cost related to the caps and covers these costs with its regular appropriation (beyond the amount of fee revenue it receives). Section 4 (Alternative Fee Schedules) provides options for removing or increasing the caps for commercial vessels and railcars. However, due to the nature of the truck transponders, we identified a different approach that would recover only a portion of the cost for inspecting trucks. This was based on a number of factors, including the incentive to have trucks continue to use transponders because they decrease the amount of time for processing a truck.

## 4. Approach to Developing Fee Schedule Alternatives

Our approach is to provide several “stand alone” fee schedule options rather than a “menu” approach of selecting individual items. Each alternative is based on the criteria described earlier but with somewhat different objectives, as described under each alternative. However, there is nothing that would preclude APHIS from taking an alternative and making minor adjustments for the final fee schedule. Also, options considered but not included in the alternatives are described at the end of Section 5.

All of the alternatives involve increasing or removing the caps on vessels and railcars, but with a differing approach for truck transponders. This is discussed in more detail under each alternative. We assumed that APHIS and CBP will face budget challenges over the next several years so revising or removing the caps to cover AQI costs is important for the long-run viability of the program. A more detailed assessment of the impact of the caps is provided in Section 3 of this document.

For each of the alternatives below, we present the following:

- Description and rationale
- New fees and projected revenue
- Pros and cons
- APHIS/CBP revenue allocation

The fee and revenue tables under each alternative provide the fees for each year (FY2013 – FY2015) along with projected fee-paying volume and revenue. For some services the amount of the fee changes over the three year period covered by the projections. Some fees decrease in FY2014 and/or FY2015 because the projected rate of increase for workload is higher than project increase in cost, which lowers the unit cost and the fee when rounding is applied. Conversely, some fees increase in FY2014 and/or FY2015 because the costs increase at a higher rate than the volumes. Once an alternative is chosen for the revised AQI fee schedule, APHIS will need to determine how to address this issue. Potential solutions include picking the highest amount across the three years or calculating the average across three years.

### Reserve

The tables also show the estimated reserve that will be accumulated at the end of each year, as well as the number of days the reserve represents. The reserve is built up by rounding up from the unit cost, as follows:

- All items with a unit cost less than \$10 were rounded up to the next \$1.
- All items with a unit cost greater than \$200 were rounded up to the next \$25.

This approach provides a proportionate rounding for all of the fee items. As will be shown under the alternatives below, there are no fee items that fall between \$10 and \$200.

The number of days in the reserve was then calculated by dividing the projected reserve by the total cost of the related services and multiplying by 365. This estimates the number of days in reserve relative to costs covered by fee revenue and excludes costs covered by appropriations. FY2014 and FY2015 are not cumulative from previous years and show only the projected reserve (amount and number of days) for each year.

### APHIS/CBP Revenue Allocation

The APHIS/CBP revenue allocation shown for each alternative is based on the associated costs for each agency. The allocation assumes that APHIS AQI activities must be fully funded by fee revenues, as has been done in the past, and the remaining revenue is allocated to CBP.

The APHIS/CBP revenue allocation table also includes an estimate of the imputed costs paid by other agencies (Office of Personnel Management and Department of Labor on behalf of APHIS and CBP) related to AQI fee services. These costs were included in the fee review to capture the full cost to the government, as required by OMB Circular A-25. However, because these costs are not paid by APHIS or CBP but are included in the fees, they must be deposited to Treasury rather than being retained in the AQI fund. As discussed under each alternative, some CBP AQI costs are assumed to be funded through CBP appropriation (e.g., costs not fully recovered by truck transponder fee). In this case, the amount to be remitted to Treasury by CBP was reduced to reflect that these costs would be paid by CBP's appropriation rather than AQI fees.

## 4.1. AQI Cost Model Methodology

The fee amounts and options discussed in this section are based on the cost modeling performed for the AQI fee review. The cost modeling effort included developing baseline cost information using FY2010 financial and workload data. The activity-based costing (ABC) methodology was used to determine the cost of AQI activities and outputs in support of the fee review. ABC supports the philosophy of full cost, complies with the Office of Management and Budget (OMB), the Government Accountability Office (GAO), and other regulatory guidance regarding full cost, and provides the functional elements and data for cost and business process analysis.

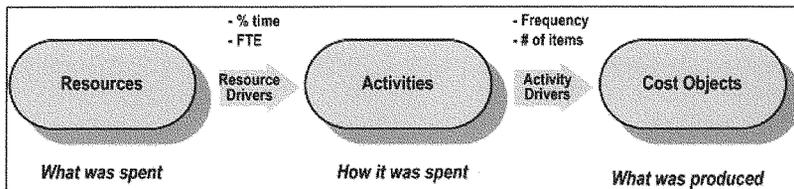


Figure 4-1

ABC is a two-step methodology to assign an organization's costs to its work activities and related outputs, as described below:

- Resources are an organization's costs, such as salaries and benefits, rent, equipment, etc. Resources are assigned to activities, which describe the work that the people in an organization perform.
- In the first step, resource costs are assigned to activities using resource drivers, which typically represent a cause-and-effect relationship to establish "how much" of a resource is consumed by the activity. For example, if an organization spends 10% of its effort performing a particular activity, that activity will receive 10% of certain costs (e.g., salary and benefits) for which level of effort is a good indicator of resources consumed.
- The second step assigns these activity costs to the outputs produced in performing the activities. This cost assignment is done using activity drivers, again based on a cause-and-effect relationship. For example, if an activity is performed for more than one type of output, the cost of the activity is assigned to the outputs based on the workload data (volume) associated with each output.

The AQI cost model design is based on the ABC methodology but incorporates several more “layers” to provide more transparent cost assignment and reporting. This included identifying and costing outputs at a more detailed level to provide flexibility for restructuring the AQI fee schedule. In addition, expected future costs and workload were added to the baseline costs to estimate the total costs and workload for the period the new fees will be in place. The cost model, including future period costs and workload projections, is documented in detail in a separate deliverable.

## 4.2. Economic Analysis

As previously mentioned, the AQI fee review included an economic analysis to estimate the economic impact of potential new fees. In conducting the AQI fee review, we identified a number of options for changing the fee schedule structure and estimated the economic impact of various combinations of these options.

Table 4-1 below shows the range of estimated short run and long run direct impacts for output and employment (number of jobs) from the economic analysis.

Direct Impact	Least Impact	Most Impact
<b>Short Run</b>		
Output (\$ in millions)	-\$95	-\$187
Employment	-972	-1,845
<b>Long Run</b>		
Output (\$ in millions)	-\$43	-\$111
Employment	-468	-1,111

**Table 4-1**

A few things to note:

- The estimated direct economic impact is due only to the incremental change to the fees, not the fees in total.
- The estimated impact of all of the scenarios is considered minor relative to the U.S. economy overall and to the various industry sectors.
- The estimated impact across the various scenarios did not vary significantly. As a result, the economic impact analysis on its own did not point to including or excluding specific options. However, potential changes to the fee caps are different for Alternative 3 to show the tradeoff between AQI revenue and the estimated economic impact. The least impact numbers shown in Table 4-1 above are associated with Alternative 3.
- While we have estimated the economic impact of implementing new fees, it should be noted that the AQI program is not a “new cost” and the program’s cost is already being paid through a combination of user fees and appropriated funds. As such, decisions on the fee schedule are more a matter of determining the proportion of funding through user fees and appropriations.

The economic impact analysis and methodology are presented in more detail in a separate deliverable.

### 4.3. Changes to Current Fees

The AQI fee review resulted in several significant changes to the current fees, regardless of the alternative involved:

- The air passenger fee will decrease from \$5.00 to \$4.00. As required by the AQI fee authority legislation, the revised air passenger fee includes the cost of inspecting passenger aircraft.
- The air cargo fee will approximately triple, although the amount of the fee varies depending on the alternative. The fee will be \$200 - \$225, depending on the scenario, compared to the current fee of \$70.75. This fee now applies only to cargo aircraft because the cost of inspecting passenger aircraft is included in the air passenger fee.
- The railcar fee decreases significantly, from \$7.75 to \$2.00. However, this represents a relatively small amount of AQI fee revenue.
- The maritime vessel fee will be \$800 - \$850, depending on the alternative, which represents an increase of approximately 60% - 70%. As with air cargo, this fee will only apply to commercial cargo vessels because the cost of inspecting cruise ships is included in the new sea passenger fee.

### 4.4. Current AQI Fee Schedule

Table 4-2 below shows the current AQI fee schedule, which serves as the starting point for developing the alternative fee schedules. Table 4-2 below also shows the FY2013 projected revenue for the current fee schedule but with fees updated based on the fee review. The air passenger fee reflects the inclusion of costs related to inspecting passenger aircraft.

Future workload volumes were estimated using several sources that provide workload growth rates for each AQI service. The sources and growth rates used are provided in a separate cost model documentation deliverable. In addition, the volume and revenue numbers in Table 4-2 assume the fee caps remain at their current level, i.e., the volume indicates the number that will pay the fee, not the total workload. The impact of the caps on revenue is based on the analysis of fee caps presented in Section 3.

Current Fee Schedule - FY2013			
Service	Fee	Volume	Revenue
Air Passenger	\$4.00	88,246,319	\$352,985,276
Commercial Air (Cargo only)	\$225.00	819,000	\$184,275,000
Commercial Maritime Vessel *	\$875.00	53,767	\$47,046,125
Commercial Truck	\$7.00	1,069,456	\$7,486,192
Commercial Truck Transponder	\$140.00	87,302	\$12,222,280
Railcar *	\$2.00	1,206,773	\$2,413,546
<b>Total</b>			<b>\$606,428,419</b>
* For the current AQI caps, commercial maritime vessels pay the AQI fee for the first 15 arrivals and railcars pay the AQI fee for the first 20 crossings. Based on the estimated impact of caps, the revenue projection for the current fee schedule assumes the maritime vessel fee is paid for only 38% of vessel arrivals and the railcar fee is paid for only 44% of railcar crossings. The maritime vessel and railcar volumes were adjusted to reflect the estimated fee paying volume.			

Table 4-2

## 5. AQI Fee Schedule Alternatives

This section presents a detailed description of three separate AQI fee schedule alternatives. For each alternative we present:

- Description and Rationale
- Fees and Projected Revenue
- Pros and Cons
- APHIS/CBP Revenue Allocation

In addition, at the end of this section we present several options that were considered for the alternatives but ultimately were not included.

The workload projections used to estimate revenue for the fee schedule alternatives assume the growth rates shown below. The sources used for these projected growth rates are described in the cost model documentation.

Workload Type	Annual % Increase
Air Passengers	4.90%
Cruise Vessel Passengers	3.67%
Commercial Aircraft	7.60%
Commercial Vessels	5.32%
Trucks	5.32%
Railcars	5.32%
Commodity Import Permits	5.32%
Pest Import Permits	0%
Pest Interstate Transfer	0%
Treatments	5.32%

Table 4-3

### 5.1. Alternative 1

#### Description and Rationale

Alternative 1 is similar to the current fee schedule but with a few changes. Following is the description and rationale for each change:

- **Sea Passengers:** The AQI fee authority allows fees for all international passengers. In addition, there is already a CBP fee for cruise vessel passengers, so this does not require any new infrastructure or processes from the industry's perspective. We assume the collection process would be similar to the air passenger fee. Also, as directed in the AQI fee authority, the sea passenger fee covers the cost of inspecting cruise vessels.
- **Vessel and Railcar Caps:** We removed the caps on maritime vessels and railcars to recover the full cost of AQI services related to these conveyances. This will not require any new processes – the

vessels will pay each time they arrive at port (rather than limiting it to the first 15 arrivals) and the railcar fees can still be paid on a quarterly basis, but the fee will be paid for all crossings rather than stopping at 20.

- Truck Transponders:** We initially considered basing the transponder fee on the average number of annual crossings for trucks with transponders (estimated to be 106). However, this would have resulted in truck revenue increasing approximately 6 times compared to FY2010, and we considered this to be too high for a single increase. In addition, this would likely cause some of the trucks to stop using transponders because they do not expect to cross that many times. According to an estimate from CBP, trucks with transponders save at least 10 minutes when crossing because they don't have to pay the fee, and this benefits both trucking firms and the government by limiting the length of lines at the border crossing. Consequently, we recommend there should be some incentive for trucks to continue to use transponders. While we were able to determine the average number of crossings for trucks with transponders, there was no data available to determine the distribution around the average. Consequently, we could not determine how many trucks might stop using the transponders at different fee levels (40 times, 80 times, etc.). Therefore, for Alternative 1 we propose setting the transponder price at 40 times the individual truck fee. We consider this a conservative approach with a balance between providing additional revenue for the AQI program but keeping the transponder fee relatively low so as not to discourage the use of transponders. In the short term, this allows AQI to see how many trucks will discontinue the use of transponders and conduct additional analysis. For the long term, AQI should look into possible alternatives, including the feasibility of using a toll-based transponder so trucks pay each time they cross while still retaining the time savings from the current transponders.
- Permits and Treatments:** For Alternative 1, the cost of issuing commodity and pest permits and conducting/monitoring treatments is included in the cargo conveyance fees.

#### Truck Transponder Sensitivity Analysis

We also conducted a sensitivity analysis to give an indication how much revenue would change based on various changes in the number of transponders purchased. As discussed above, we were able to calculate the average number of crossings for trucks with transponders. However, there was no data available on the distribution around the average, i.e., the proportion of trucks above and below the average. This makes it difficult to estimate how many trucks would stop using transponders with a given increase in the transponder fee. However, to help provide some indication of the potential results, we performed a sensitivity analysis related to the number of trucks that might forego the use of transponders (see Table 5-1). While this results in reduced revenue from the transponder fee, trucks no longer using transponders would pay for each crossing so revenue from the individual truck fee would increase. This analysis assumes that trucks that stop using transponders would cross an average of 20 times.

	Baseline	10% Reduction	20% Reduction	50% Reduction
Number of Transponders	87,302	78,572	69,842	43,651
Number of Individual Truck Fees	894,852	1,069,456	1,244,060	1,767,872
Transponder Revenue	\$24,444,560	\$22,000,104	\$19,555,648	\$12,222,280
Truck Fee Revenue	\$6,263,964	\$7,486,192	\$8,708,420	\$12,375,104
Total Revenue	\$30,708,524	\$29,486,296	\$28,264,068	\$24,597,384

**Table 5-1**

The sensitivity analysis shows an overall decrease with the shift from transponder revenue to individual truck revenue. The loss in revenue due to the decrease in transponders is offset to a large degree by the increase in revenue from individual crossings.

## Fees and Projected Revenue

The tables below present the fees along with the projected volume, revenue and reserve for each year.

Alternative 1 - FY2013			
Service	Fee	Volume	Revenue
Air Passenger	\$4.00	88,246,319	\$352,985,276
<b>Sea Passenger</b>	<b>\$2.00</b>	<b>13,734,718</b>	<b>\$27,469,436</b>
Commercial Air (Cargo only)	\$225.00	819,000	\$184,275,000
Commercial Maritime Vessel (Cargo Only)	\$875.00	122,197	\$106,922,375
Commercial Truck	\$7.00	1,069,456	\$7,486,192
Commercial Truck Transponder	\$280.00	78,572	\$22,000,160
Railcar	\$2.00	3,175,718	\$6,351,436
<b>Total</b>			<b>\$707,489,875</b>
<b>Reserve:</b>			
Amount			\$47,624,616
Number of Days			26

Table 5-2

Alternative 1 - FY2014			
Service	Fee	Volume	Revenue
Air Passenger	\$4.00	92,570,389	\$370,281,556
<b>Sea Passenger</b>	<b>\$2.00</b>	<b>14,238,783</b>	<b>\$28,477,566</b>
Commercial Air (Cargo only)	\$225.00	881,244	\$198,279,900
Commercial Maritime Vessel (Cargo Only)	\$850.00	128,698	\$109,393,300
Commercial Truck	\$7.00	1,126,351	\$7,884,457
Commercial Truck Transponder	\$280.00	78,572	\$22,000,160
Railcar	\$2.00	3,344,667	\$6,689,334
<b>Total</b>			<b>\$743,006,273</b>
<b>Reserve:</b>			
Amount			\$63,317,086
Number of Days			34

Table 5-3

Alternative 1 - FY2015			
Service	Fee	Volume	Revenue
Air Passenger	\$4.00	97,106,337	\$388,425,348
<b>Sea Passenger</b>	<b>\$2.00</b>	<b>14,761,346</b>	<b>\$29,522,692</b>
Commercial Air (Cargo only)	\$225.00	948,218	\$213,349,050
Commercial Maritime Vessel (Cargo Only)	\$850.00	135,544	\$115,212,400
Commercial Truck	\$7.00	1,186,273	\$8,303,911
Commercial Truck Transponder	\$280.00	78,572	\$22,000,160
Railcar	\$2.00	3,522,602	\$7,045,204
<b>Total</b>			<b>\$783,858,765</b>
<b>Reserve:</b>			
Amount			\$83,660,897
Number of Days			44

Table 5-4

## Pros and Cons

Following are the pros and cons we identified for Alternative 1.

Pro	Con
<ul style="list-style-type: none"> <li>• Maintains the simplicity of the current fee schedule, so there would be little additional cost to implement it.</li> <li>• Recovers the cost of sea passengers.</li> <li>• Recovers all costs associated with maritime vessels and railcars.</li> <li>• Increasing the truck transponder fee provides additional revenue but the limited increase in the transponder fee should maintain an incentive for most trucks to continue using transponders.</li> <li>• It also provides the opportunity to better understand how many trucks will discontinue the use of transponders.</li> </ul>	<ul style="list-style-type: none"> <li>• Truck transponder fee does not recover all costs related to trucks with transponders.</li> <li>• Truck transponder fee could be viewed as a cap, although that is not the intent.</li> <li>• Fees do not recover costs for other passenger classes (bus and rail). These costs would be covered by CBP's appropriation, as currently done.</li> </ul>

Table 5-5

## APHIS/CBP Revenue Allocation

The following table provides the Alternative 1 APHIS/CBP allocation for FY2013 – FY2015. The allocation also shows the portion related to imputed costs as previously discussed.

Alternative 1 APHIS/CBP Revenue Allocation			
	APHIS	CBP	Total
<b>FY2013</b>			
Retain in AQI Fund	\$186,195,280	\$492,645,257	\$678,840,537
Remit to Treasury	\$9,684,617	\$18,964,721	\$28,649,338
<b>Total</b>	<b>\$195,879,897</b>	<b>\$511,609,978</b>	<b>\$707,489,875</b>
<b>FY2014</b>			
Retain in AQI Fund	\$191,540,662	\$521,832,809	\$713,373,471
Remit to Treasury	\$10,023,360	\$19,609,442	\$29,632,802
<b>Total</b>	<b>\$201,564,021</b>	<b>\$541,442,252</b>	<b>\$743,006,273</b>
<b>FY2015</b>			
Retain in AQI Fund	\$197,056,774	\$556,151,027	\$753,207,800
Remit to Treasury	\$10,373,955	\$20,277,009	\$30,650,965
<b>Total</b>	<b>\$207,430,729</b>	<b>\$576,428,036</b>	<b>\$783,858,765</b>

Table 5-6

## 5.2. Alternative 2

### Description and Rationale

Alternative 2 builds on Alternative 1 by adding three additional fees. Following is more information regarding these changes.

- Commodity Import Permits:** Commodity permits represent a distinct AQI output/service in that importers must obtain a permit before they can bring agricultural goods into the United States. In addition, we were told by APHIS subject matter experts that importers will sometimes obtain numerous import permits but not use all of them. The fee should help control the demand for permits so they are no longer considered a free good – this is one of the benefits of fee setting in general. The commodity import permit fee includes the cost of issuing commodity transit permits so there is no additional charge/fee for commodity transit permits. The cost of issuing commodity import permits and commodity transit permits is currently included in the conveyance inspection fees.
- Pest Import Permits:** The rationale for pest permits is similar to commodity permits. However, the cost and nature of pest permits is different so it is appropriate to have it as a separate fee. In

addition, pest permits are acquired by a different group of stakeholders (academia and research institutions) so the cost is born by them. The fee includes the cost of pest transfer permits so there is no additional charge/fee for pest transfer permits.

- **Conducting and Monitoring Treatments:** We included a separate fee for conducting and monitoring treatments because this represents an additional cost that should be paid by the appropriate fee payers, particularly for commodities that require treatment as a condition of entry. In addition, by making this cost more visible, it might provide some incentive for importers to try to influence or stop doing business with growers that have a consistent problem with goods that require treatment.

## Fees and Projected Revenue

The tables below present the fees along with the projected volume, revenue and reserve for each year.

Alternative 2 - FY2013			
Service	Fee	Volume	Revenue
Air Passenger	\$4.00	88,246,319	\$352,985,276
Sea Passenger	\$2.00	13,734,718	\$27,469,436
Commercial Air (Cargo only)	\$200.00	819,000	\$163,800,000
Commercial Maritime Vessel (Cargo Only)	\$800.00	122,197	\$97,757,600
Commercial Truck	\$7.00	1,069,456	\$7,486,192
Commercial Truck Transponder	\$280.00	78,572	\$22,000,160
Railcar	\$2.00	3,175,718	\$6,351,436
<b>Commodity Permits</b>	<b>\$1,250.00</b>	<b>9,346</b>	<b>\$11,682,500</b>
<b>Pest Permits</b>	<b>\$2,050.00</b>	<b>2,094</b>	<b>\$4,292,700</b>
<b>Treatments</b>	<b>\$575.00</b>	<b>28,723</b>	<b>\$16,515,725</b>
<b>Total</b>			<b>\$710,341,025</b>
<b>Reserve:</b>			
Amount			\$49,150,062
Number of Days			27

Table 5-7

Alternative 2 - FY2014			
Service	Fee	Volume	Revenue
Air Passenger	\$4.00	92,570,388	\$370,281,552
Sea Passenger	\$2.00	14,238,782	\$28,477,564
Commercial Air (Cargo only)	\$200.00	881,244	\$176,248,800
Commercial Maritime Vessel (Cargo Only)	\$775.00	128,698	\$99,740,950
Commercial Truck	\$7.00	1,126,351	\$7,884,457
Commercial Truck Transponder	\$280.00	78,572	\$22,000,160
Railcar	\$2.00	3,344,666	\$6,689,332
<b>Commodity Permits</b>	<b>\$1,225.00</b>	<b>9,843</b>	<b>\$12,057,675</b>
<b>Pest Permits</b>	<b>\$2,125.00</b>	<b>2,094</b>	<b>\$4,449,750</b>
<b>Treatments</b>	<b>\$575.00</b>	<b>30,283</b>	<b>\$17,412,725</b>
<b>Total</b>			<b>\$745,242,965</b>
<b>Reserve:</b>			
Amount			\$64,159,826
Number of Days			34

Table 5-8

Alternative 2 - FY2015			
Service	Fee	Volume	Revenue
Air Passenger	\$4.00	97,106,337	\$388,425,348
Sea Passenger	\$2.00	14,761,346	\$29,522,692
Commercial Air (Cargo only)	\$200.00	948,218	\$189,643,600
Commercial Maritime Vessel (Cargo Only)	\$800.00	135,544	\$108,435,200
Commercial Truck	\$7.00	1,186,273	\$8,303,911
Commercial Truck Transponder	\$280.00	78,572	\$22,000,160
Railcar	\$2.00	3,522,602	\$7,045,204
<b>Commodity Permits</b>	<b>\$1,200.00</b>	<b>10,367</b>	<b>\$12,440,400</b>
<b>Pest Permits</b>	<b>\$2,175.00</b>	<b>2,094</b>	<b>\$4,554,450</b>
<b>Treatments</b>	<b>\$550.00</b>	<b>31,927</b>	<b>\$17,559,850</b>
<b>Total</b>			<b>\$787,930,815</b>
<b>Reserve:</b>			
Amount			\$86,269,704
Number of Days			45

Table 5-9

## Pros and Cons

Following are the pros and cons we identified for Alternative 2.

Pro	Con
<ul style="list-style-type: none"> <li>• Additional costs are paid by the appropriate fee payers for permits and treatments.</li> <li>• It is still a relatively simple fee schedule, so there should not be a significant cost to implement it.</li> </ul>	<ul style="list-style-type: none"> <li>• Treatment fee would be a significant cost increase for importers/brokers because they already pay for the cost of treatments conducted by a third party (typically \$800 - \$1,000).</li> </ul>

Table 5-10

## APHIS/CBP Revenue Allocation

The following table provides the Alternative 2 APHIS/CBP allocation for FY2013 – FY2015. The allocation also shows the portion related to imputed costs as previously discussed.

Alternative 2 APHIS/CBP Revenue Allocation			
	APHIS	CBP	Total
<b>FY2013</b>			
Retain in AQI Fund	\$186,195,280	\$495,398,733	\$681,594,013
Remit to Treasury	\$9,684,617	\$19,062,395	\$28,747,012
<b>Total</b>	<b>\$195,879,897</b>	<b>\$514,461,128</b>	<b>\$710,341,025</b>
<b>FY2014</b>			
Retain in AQI Fund	\$191,540,662	\$523,969,118	\$715,509,780
Remit to Treasury	\$10,023,360	\$19,709,826	\$29,733,185
<b>Total</b>	<b>\$201,564,021</b>	<b>\$543,678,944</b>	<b>\$745,242,965</b>
<b>FY2015</b>			
Retain in AQI Fund	\$197,056,774	\$560,119,897	\$757,176,670
Remit to Treasury	\$10,373,955	\$20,380,189	\$30,754,145
<b>Total</b>	<b>\$207,430,729</b>	<b>\$580,500,086</b>	<b>\$787,930,815</b>

Table 5-11

### 5.3. Alternative 3

#### Description and Rationale

Alternative 3 has the same structure/services as Alternative 2, but the primary objective of Alternative 3 is to limit the amount of increases for certain items to reduce the economic impact.

- Caps:** The vessel cap is increased to 30 and the railcar cap is increased to 40 instead of the caps being completely removed. However, the fee for truck transponders stays the same since the transponder fee increase was already limited due to the other issues related to the transponders. The increase to the vessel and railcar caps could be a first step in phasing in the removal of the caps. See below for our analysis and estimates for the impact of increasing these caps.
- Treatments:** The fee for conducting and monitoring treatments is reduced to address concerns regarding a significant increase in the cost of treatments. Because importers already pay the cost of treatment delivered by a third party, limiting the amount of the treatment fee would limit the total cost of a treatment. The portion of treatment-related costs not covered by the treatment fee is included in the cargo conveyance fees.

#### Vessel and Railcar Cap Analysis

While we were able to estimate the average number of crossings of trucks that use transponders, we did not have comparable data for vessels and railcars because they do not use transponders. Instead, we developed a sensitivity analysis based on our estimate of the proportion of vessels and railcars that do not pay the fee.

The tables below provide a sensitivity analysis of possible changes in non-fee paying conveyances due to the cap increases. Using FY2010 cost and revenue data, we were able to identify gains and losses for each conveyance mode, and separate gains/losses due to 1) the fee being higher or lower than the cost; and 2) the impact of the caps (presented in more detail in Section 2). These calculations are shown in Table 5-12 below.

Conveyance Mode	Total Volume	Loss Due to Caps	Number of Non-Fee Paying	Percentage of Non-Fee Paying
Vessel	117,262	(\$32,417,502)	65,829	56%
Railcar	2,718,375	(\$13,158,212)	1,697,220	62%

**Table 5-12**

The number of non-fee paying vessels/railcars was estimated by dividing the loss due to caps by the associated fee. We then calculated the percentage of vessels and railcars that do not pay a fee.

Table 5-13 presents the sensitivity analysis of the change in the caps. As shown in Table 5-12 above, the non-fee paying rates for vessels and railcars were approximately 60%, so we developed three scenarios showing differing percentages of non-fee paying volume (see Table 5-13). The revenue estimate for this alternative assumes a proportionate relationship. Thus, 30% of conveyances would not pay the fee because the caps are doubling and thus non-fee paying volume would be reduced by half. As stated earlier, we did not have any data to calculate an average or distribution which limited our analysis.

Mode	Non-Fee Paying Percentage					
	15%		30%		45%	
	Volume	Revenue	Volume	Revenue	Volume	Revenue
Vessel	103,867	\$85,690,646	85,538	\$70,568,768	67,208	\$55,446,889
Railcar	2,699,360	\$5,398,721	2,223,003	\$4,446,005	1,746,645	\$3,493,290

Table 5-13

## Fees and Projected Revenue

The tables below present the fees along with the projected volume, revenue and reserve for each year.

Alternative 3 - FY2013			
Service	Fee	Volume	Revenue
Air Passenger	\$4.00	88,246,319	\$352,985,276
Sea Passenger	\$2.00	13,734,718	\$27,469,436
Commercial Air (Cargo only)	\$225.00	819,000	\$184,275,000
Commercial Maritime Vessel (Cargo Only)	\$825.00	85,538	\$70,568,850
Commercial Truck	\$7.00	1,069,456	\$7,486,192
Commercial Truck Transponder	\$280.00	78,572	\$22,000,160
Railcar	\$2.00	2,223,003	\$4,446,006
Commodity Permits	\$1,250.00	9,346	\$11,682,500
Pest Permits	\$2,050.00	2,094	\$4,292,700
Treatments	\$300.00	28,723	\$8,616,900
<b>Total</b>			<b>\$693,823,020</b>
<b>Reserve:</b>			
Amount			\$63,654,718
Number of Days			35

Table 5-14

Alternative 3 - FY2014			
Service	Fee	Volume	Revenue
Air Passenger	\$4.00	92,570,388	\$370,281,552
Sea Passenger	\$2.00	14,238,782	\$28,477,564
Commercial Air (Cargo only)	\$200.00	881,244	\$176,248,800
Commercial Maritime Vessel (Cargo Only)	\$800.00	90,089	\$72,071,200
Commercial Truck	\$7.00	1,126,351	\$7,884,457
Commercial Truck Transponder	\$280.00	78,572	\$22,000,160
Railcar	\$2.00	2,341,266	\$4,682,532
Commodity Permits	\$1,225.00	9,843	\$12,057,675
Pest Permits	\$2,125.00	2,094	\$4,449,750
Treatments	\$300.00	30,283	\$9,084,900
<b>Total</b>			<b>\$707,238,590</b>
<b>Reserve:</b>			
Amount			\$58,162,610
Number of Days			31

Table 5-15

Alternative 3 - FY2015			
Service	Fee	Volume	Revenue
Air Passenger	\$4.00	97,106,337	\$388,425,348
Sea Passenger	\$2.00	14,761,346	\$29,522,692
Commercial Air (Cargo only)	\$200.00	948,218	\$189,643,600
Commercial Maritime Vessel (Cargo Only)	\$800.00	94,881	\$75,904,800
Commercial Truck	\$7.00	1,186,273	\$8,303,911
Commercial Truck Transponder	\$280.00	78,572	\$22,000,160
Railcar	\$2.00	2,465,821	\$4,931,642
Commodity Permits	\$1,200.00	10,367	\$12,440,400
Pest Permits	\$2,175.00	2,094	\$4,554,450
Treatments	\$275.00	31,927	\$8,779,925
<b>Total</b>			<b>\$744,506,928</b>
<b>Reserve:</b>			
Amount			\$75,870,615
Number of Days			39

Table 5-16

## Pros and Cons

Following are the pros and cons we identified for Alternative 3.

Pro	Con
<p>Same as Alternative 2:</p> <ul style="list-style-type: none"> <li>• Additional costs are paid by the appropriate fee payers for permits and partially for treatments.</li> <li>• Still a relatively simple fee schedule, so there should not be a significant cost to implement it.</li> <li>• As mentioned in Section 4.2, the estimated economic impact for this alternative is significantly lower relative to other scenarios that were analyzed.</li> </ul> <p>The partial elimination of the caps can be viewed as phasing in the removal of the caps. This has several benefits:</p> <ul style="list-style-type: none"> <li>• The increase in costs to the associated industries is not as sudden. This reduces the economic impact and allows them time to prepare for removal of caps in the future.</li> <li>• It provides notice to the industries that APHIS intends to completely remove the caps in the future.</li> <li>• APHIS can see how behaviors change with the new caps, which could then inform how to address the caps further in the next fee review.</li> </ul>	<ul style="list-style-type: none"> <li>• Even though caps are increased, AQI would bring in less revenue compared to completely removing the caps.</li> <li>• This alternative maintains caps for all cargo conveyance modes except air cargo, which currently has no cap.</li> <li>• For treatments, there is still an additional cost to importers/brokers because they already pay for the cost of treatments conducted by a third party (typically \$800 - \$1,000). However, under Alternative 3 the treatment fee is one half of the treatment fee under Alternative 2.</li> </ul>

Table 5-17

## APHIS/CBP Revenue Allocation

The following table provides the Alternative 3 APHIS/CBP allocation for FY2013 – FY2015. The allocation also shows the portion related to imputed costs as previously discussed.

Alternative 3 APHIS/CBP Revenue Allocation			
	APHIS	CBP	Total
<b>FY2013</b>			
Retain in AQI Fund	\$186,195,280	\$480,073,613	\$666,268,893
Remit to Treasury	\$9,684,617	\$17,869,510	\$27,554,127
<b>Total</b>	<b>\$195,879,897</b>	<b>\$497,943,123</b>	<b>\$693,823,020</b>
<b>FY2014</b>			
Retain in AQI Fund	\$191,540,662	\$487,244,703	\$678,785,365
Remit to Treasury	\$10,023,360	\$18,429,865	\$28,453,225
<b>Total</b>	<b>\$201,564,021</b>	<b>\$505,674,569</b>	<b>\$707,238,590</b>
<b>FY2015</b>			
Retain in AQI Fund	\$197,056,774	\$517,975,847	\$715,032,620
Remit to Treasury	\$10,373,955	\$19,100,352	\$29,474,308
<b>Total</b>	<b>\$207,430,729</b>	<b>\$537,076,199</b>	<b>\$744,506,928</b>

Table 5-18

### 5.4. Options Considered But Not Included in Alternatives

We considered a number of other options for revising the AQI fee structure that were not incorporated in the fee schedule alternatives presented above. We assessed these options using the criteria previously discussed and excluded them based on one or more of the criteria. The table below presents each option and the reason for not incorporating it in the fee schedule alternatives.

Potential Fee Item	Potential Revenue	Rationale for Exclusion
Privately owned vehicles (POVs) and pedestrians	POVs: \$190M  Pedestrians: \$55M	We considered fees for POVs and pedestrians at land borders, and these fees would provide a significant amount of revenue for AQI. However, there would be significant logistical and administrative challenges to setting up the process to collect and account for the fees. In addition, the additional time it would take to collect the fees would likely result in significant delays at the border. Also, CBP does not support this fee option.

Potential Fee Item	Potential Revenue	Rationale for Exclusion
Bus passengers	\$25M	We considered establishing a bus passenger fee using the same fee collection approach as the air passenger fee. However, this would require establishing the infrastructure and process for bus companies to collect and remit the fees since CBP does not have a comparable fee. In addition, the barriers to entry for the bus passenger industry are much lower compared to air and cruise vessel industries. As a result, there are more bus companies entering and exiting the industry, which would make fee collection and monitoring difficult.
Rail Passengers	\$1.5M	We considered a separate fee for rail passengers but excluded it from the alternatives because it also would require setting up new infrastructure and processes (similar to bus passengers). Also, the amount of revenue would be relatively small and likely not worth the cost of setting up the fee collection process.
Private aircraft/vessels	\$1M - \$2M	We considered a separate fee for private aircraft and vessels, using the same approach as CBP by charging a fee for an annual decal. This would be relatively easy to administer by using CBP's current process, but the potential amount of revenue is relatively small. We also considered charging a fee per passenger but the cost is significantly higher compared to commercial air and sea passengers, primarily due to the amount of travel time required by CBP officers to reach the small airfields and ports.
Type of Maritime Cargo Conveyance	n/a	We considered establishing separate fees for each type of maritime cargo vessel (bulk, break bulk, and container) because discussions with CBP port staff indicated the required level of effort varies among them. We attempted to develop this cost information, but some of the data required to accurately cost each type was not available. We recommend that APHIS and CBP see if it is possible to begin collecting this data and address this issue in the next fee review. This issue is discussed in more detail in a separate deliverable.

Table 5-19

## 6. AQI Fee Exemptions

This section addresses Deliverable 6-2, which involves evaluating the current user fee exemptions listed in the regulations. We reviewed the list of AQI exemptions for conveyance and note the following:

- We were not able to establish the cost associated with the AQI exemptions because there is no data collected on the number of conveyances/passengers associated with the exemptions. As a result, we were not able to assess the extent to which these exemptions impact fee payers, with one exception. Assuming an average of 5 crew members for an international flight (as provided by APHIS), the cost of inspecting crew members is very small, as shown in the table below. The estimated cost of inspecting air crew is approximately two cents per passenger, or approximately one half of one percent of the unit cost.

A	Average crew size (assumed)	5
B	Number of aircraft	79,397
C	Estimated total number of crew (A x B)	396,985
D	Unit cost per passenger	\$3.56
E	Total cost of inspecting air crew (C x D)	\$1,413,267
F	Total number of air passengers (less crew)	76,051,720
G	Cost per air passenger (E / F)	\$0.019
H	Percentage of unit cost (G / D)	0.52%

- We visited a number of ports to gain an understanding of AQI operations and issues that could impact the fee review, and we also talked to a number of APHIS and CBP staff and subject matter experts over the course of the fee review. In all of these discussions, there were no issues identified regarding the exemptions and their impact on the AQI fees.
- All of the exemptions seem reasonable and appear to involve unusual circumstances, small levels of volume, and/or low risk. In addition, these exemptions are consistent with CBP exemptions.
- Because the exemptions appear to have a very small impact on the AQI program overall, we don't consider additional data collection related to the exemptions to be a priority. This is a qualitative assessment based on the lack of issues identified during the fee review since we were unable to do any quantitative analysis due to the lack of data.

## 7. Risk and Science-Based Services

This section addresses Deliverable 6-4, which is an evaluation of how well the current user fee structure relates to risk-based and science-based services. We defined risk-based and science-based services as activities/outputs that primarily involve technical scientific identification and/or analysis. We also considered whether the current fees are based on the risk associated with a fee service. For this evaluation, we considered the following activities to be risk and/or science based services:

- Pest interception
- Pest identification
- Treatments
- Risk analysis

For this evaluation we note the following:

- The current fee structure does not specifically incorporate risk-based or science-based services. The current fee structure reflects only cargo conveyance modes and passengers.
- Pest interception, pest identification, and monitoring of treatments are science-based and address specific risks, and those costs are currently recovered through the inspection fees. However, there is currently no specific fee for any of these items.
- APHIS devotes significant effort to risk analysis, which identifies potential and emerging risks and how these new risks might be addressed. However, it would be difficult to relate risk analysis to a specific service, and we consider it a supporting activity that is not appropriate for a separate fee but should be included in the AQI inspection fees.

### New Fee Schedule Alternatives

While we do not see risk- and science-based services reflected in the current fee schedule, the fee schedule alternatives presented above do address this issue. In particular, Alternatives 2 and 3 establish a separate fee for conducting and monitoring treatments. Shipments that require treatment represent a risk due to a pest presence or because the commodity requires treatment (due to its inherent risk) as a condition of entry.

In addition, Alternatives 2 and 3 include separate fees for commodity and pest permits. While acquiring a permit does not in itself present an immediate risk, this does represent risk- and science-based services because having the permit presents the opportunity for introduction of pests and their associated risks. In addition, there are conditions for permits based on the specific commodity and its associated risks. This is particularly true for pest permits, because they allow an importer to bring in a pest that would normally not be allowed into the country under any other circumstances. These present specific, significant risks, and there is a considerable amount of effort required to identify and establish protocols and procedures so the risk is mitigated when the pest is brought into the country.

The fees under Alternative 1 also incorporate risk, although to a lesser extent. As previously mentioned, the cost of pest interception, pest identification, and treatments are included in the conveyance fees. While Alternative 1 does not explicitly recover these costs through a separate fee, the associated costs are assigned to each cargo conveyance mode based on the number of interceptions, identifications and treatments. As such, each cargo conveyance mode fee reflects the risks (number of pests and required treatments) associated with the cargo delivered by each mode.



**United States Department of Agriculture  
Animal and Plant Health Inspection Service  
Agricultural Quarantine and Inspection Program**

**Fee Setting Process Documentation and  
Recommendations**



October 25, 2011

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# 1. Introduction

The United States Department of Agriculture (USDA) Animal Plant Health and Inspection Service (APHIS) Agricultural Quarantine and Inspection Program (AQI) protects America's animal and plant resources from agricultural pests and diseases. To fund the program, AQI charges fees for inspection of international passengers and cargo conveyances, and APHIS is required to ensure that full cost recovery for the program is obtained through rate-setting. The agency has an existing rate-setting process that establishes fees for commercial vessels, trucks, railroad cars, aircraft, and from international passengers which are intended to recover the AQI costs. Recently, these fees have not covered costs. APHIS engaged Grant Thornton to conduct a comprehensive fee review to determine the full cost of AQI services, identify potential changes to the fee structure, and recommend new fees. Part of the fee review was to document APHIS' current processes for fee setting, revenue projection, and tracking excess collections over expenditures and provide recommendations based on industry best practices.

This document addresses several AQI fee review deliverables as shown in the table below.

Deliverable	Document Section
<b>Deliverable 5-1:</b> Document the existing methodologies and practices employed in AQI rate-setting	Section 2 – Existing AQI Rate Setting Methodology
<b>Deliverable 5-2:</b> Document the existing method of revenue projection employed in the AQI program.	Section 3 – Existing Process for Identifying AQI Reserve and Revenue Projection
<b>Deliverable 5-3:</b> Document the existing process of tracking excess collections over expenditures employed in the AQI program	Section 3 – Existing Process for Identifying AQI Reserve and Revenue Projection
<b>Deliverable 5-4:</b> Establish and document recommendations for rate-setting, revenue projection, and tracking excess collections over expenditures processes and practices in a manner that enables APHIS' decisions to be transparent and fully defensible.	Section 4 – Fee Setting and Business Process Recommendations
<b>Deliverable 2-1:</b> Document potential areas for improvement to current AQI business practices based on site visits, discussions with AQI SMEs, etc. Make specific recommendations for improvements where appropriate.	Section 5 – Other Observations

## 2. Existing AQI Fee Setting Methodology

### 2.1 Background

APHIS sets fees for the AQI program based on fee authority provided in Section 2509(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (21 U.S.C. 136a). This is referred to as the FACT Act and authorizes APHIS to collect user fees for AQI services provided at ports of entry into the United States. The FACT Act states that user fees should recover the full cost of providing and administering AQI services for specific conveyances and passengers including commercial vessels, commercial trucks, commercial railroad cars, commercial aircraft, and international passengers. To ensure that fee collections are recovering costs, adjustments have been made to the fees over time to cover routine increases in the cost of providing AQI services due to inflation, replacement of equipment, unforeseen events or certain policy decisions.

The most recent attempt to increase AQI fees in 2009 was attributed to the downturn of the U.S. economy, which led to a decrease in imports and travel and associated fee revenue. However, inspection services and level of effort during this downturn did not decrease and costs remained at current levels leading to a deficit between fee revenues and costs required to run the AQI program. The 2009 attempt to propose new fees was retracted and no new rule was published in the federal register. The last implemented rule is from 2004 and contains a fee schedule from FY2005-FY2010. In this document, the methodology used in the 2004 past fee-setting approach is described in detail.

Fees were raised in 2004 due to routine increases in providing AQI services and increased post-September 11<sup>th</sup> security concerns. After September 11<sup>th</sup>, the number of international passengers coming into the country fell dramatically and did not recover to previous levels. During the same timeframe, the number of inspections at ports of entry rose in order to address the additional security concerns. Increases in staff were met with decreases in travel/trade volume causing revenues to be lower than costs. To recover this increase in costs, APHIS proposed adjustments to existing fees. The methodology for calculating a new schedule is discussed in the following sections. The following steps were taken by APHIS to implement fees in FY2004:

- 1) Determine the Cost of the AQI Program
- 2) Project Costs for Future Years
- 3) Project Workload Volumes for Future Years
- 4) Determine Required Reserve Amount
- 5) Calculate User Fees

### 2.2 Determining the Cost of the AQI Program

When fees were first implemented for AQI in 1992, the agency established a set of accounting procedures to separate AQI-related costs from costs related to other APHIS programs. These costs included direct-charge costs and distributable costs. Breaking out cost this way allowed APHIS personnel to develop a total cost for the AQI program. According to APHIS, there is no official documentation on why certain costs were included or excluded in the first place for calculating the total cost of the AQI program. After FY1992, APHIS adjusted existing year AQI program costs to project and calculate new fees.

### Direct Charge Costs

The AQI accounting procedures used in previous fee setting exercises included separate codes to record costs related to AQI inspection activities. Examples of the “direct charge” costs used to calculate the FY2005-FY2010 fee schedule are salaries and benefits for inspectors, canine officers, supervisors, and clerical staff. Other costs included equipment used to support AQI services and any applicable contracts. Although CBP took over many direct functions from APHIS around this time, it appears that the accounting codes had not been updated before the FY2005-FY2010 fee schedule was released.

Since CBP has taken over many of the direct functions of the AQI program, the direct costs that are included in the current AQI accounting system include salary and benefit and other costs (travel, supplies, rent, and equipment) for different types of APHIS personnel who perform AQI-related functions. Primary activities performed by APHIS personnel include:

- Pest and plant disease identification and treatment services
- Issuing commodity and pest permits
- Investigations and enforcement
- Smuggling interdiction and trade compliance activities.

CBP now tracks its direct charge accounts for costs related to salaries and benefits for inspectors and canine officers, supervisors, and clerical staff as well as AQI-related equipment and contracts.

### Distributable Costs

For the FY2005-FY2010 fee schedule, APHIS identified other program delivery costs that were not considered direct. These “distributable” costs were performed at the state level or below and supported all APHIS work (not just AQI) and included utilities, rent, telephone, vehicles, office supplies, etc. The AQI user fee portion of these costs was identified by calculating the proportion of “direct charges” to total costs and then applying this proportion against the total distributable costs.

### Support Costs

APHIS included program direction and support costs from the regional, headquarter, and USDA levels. The AQI user fee portion of these costs was calculated by utilizing a standard overhead rate of 13.9% of gross total costs or 16.15% percent of net costs. This is the rate that has always been used by the agency to determine the amount that needs to be added to reimbursable AQI user fee charges.

## 2.3 Projecting Costs for Future Years

APHIS provided Grant Thornton with a spreadsheet that was used to determine the FY2005-FY2010 fee schedule. This spreadsheet is included in Appendix A. For the FY2005-FY2010 fee schedule, APHIS took total FY2004 costs and split them between APHIS and CBP based on a 59.4% - CBP, 40.6% APHIS split. This split was based on the transfer of staff years from APHIS to CBP in 2003. Each agency’s costs then had inflationary factors applied based on OMB economic assumptions. This factor was 1.5% for both pay increase and general inflation costs and was applied for all future years. The next step was to determine what the reserve component of the total costs should be. This amount was based on an estimate of the reserve (discussed further in Section 3) required to run the operations of the AQI program for 3 months or 25% of

the year. APHIS decided to build this reserve over three years, thus achieving the desired amount by FY2007. After the 3-month reserve level was reached, the fees would continue to contain a component designed to provide reserve funds. A reserve level of three to five months of operating costs is considered reasonable. APHIS planned to review the reserve level and make any needed adjustments to the user fees (up or down) to set the fee levels properly. To calculate the amount that needed to be added to the costs each year, APHIS 1) took 25% of estimated FY2007 costs, 2) subtracted the FY2004 year end reserve balance 3) added the projected reserve for the first quarter of FY2005 (when the new fees would not yet be in effect) and 4) divided this number by 3 to estimate the amount of reserve required per year from FY2005 – FY2007.

## 2.4 Distribution of Costs by Fee Category

After projecting the total costs for the AQI program for FY2005-FY2010, the next step was to distribute the total cost based on how much of these would be recovered by each fee category. Fee categories included international air passengers, commercial aircraft clearance, commercial vessels, commercial trucks, commercial truck decal, and railroad cars. APHIS split total costs by using historical percentages based on what the fee categories have recovered over time. Details of this can be found in Appendix A.

## 2.5 Projecting Volumes for each Fee Category

To establish the unit cost for each fee category, APHIS first needed to calculate the projected number of people/conveyances subject to inspection for each of the fee categories. This was done by analyzing actual volumes from past years and also taking into account factors that affected the volumes. An example of one of these factors was the decrease in air travel from the September 11<sup>th</sup> attacks. For the most part, volume estimates were based on the average percentage change of years past.

## 2.6 Calculation of User Fees

Once total costs and volumes were estimated for each fee category, the unit cost was calculated and a fee was determined. The unit cost calculation was the total cost of the AQI fee service divided by the number of passengers/conveyances subject to inspection in a given year. This resulted in a 'raw fee' that was rounded up to ensure that enough revenue was collected to maintain the reserve balance. To project revenue, APHIS multiplied the rounded user fee by the estimated volume for each applicable fiscal year.

### 3. Existing Process for Determining AQI Revenue and Reserve Projection

When determining a fee structure in the past, APHIS required reserve projections to identify the correct amount to charge for each fee schedule item. The reserve provides continuity of AQI services due to foreseeable and unforeseeable circumstances. If the agency wanted a larger reserve, a higher fee would need to be set and vice versa. In the past, a target reserve of 25% of the AQI program costs was established and a reserve-building component included in each user fee.

Once APHIS calculated the AQI program's cost, the agency could then identify its desired reserve (excess collection). Adding the reserve amount to program costs results in the estimated revenue APHIS expects to collect in a given fiscal year to cover costs and reserve. A basic example of this calculation is shown below and is based on notional numbers.

Total Costs FY 0	25% Reserve Target	Expected Total Revenue
150 M	37.5 M	187.5 M

The reserve account is used to track excess collections over expenditures of the AQI program. Typically, the agency strives to keep a reserve equal to 3-5 months (approx. 25%) of operating expenses. The AQI reserve serves several purposes including the following:

- **Cash Flow Balance:** This reserve account can help alleviate cash flow issues that may arise from delinquent fee remittance/insolvency by certain industries or from unexpected volume changes. A common example is if an airline does not pay its fees on time, the reserve account can be used to fill the gap in cash flow and keep the program afloat until payments are received. In addition, collections for international air passengers and aircraft clearance are due 31 days after the close of the quarter during which they were collected. This creates a lag in collections to cover costs CBP and APHIS incur.
- **Capital Investments:** Excess fee collections provide monetary resources for capital investments. AQI may use the money to make strategic business purchases that will help benefit the program in future years. An example is renovating a plant inspection station or buying new equipment for identifiers.
- **Emergency Funds:** Reserve account funds may be needed to support AQI work in the result of an emergency. Emergencies can include natural disasters, terrorist attacks, or any other instance that could cause an increase in workload for the AQI program or a sudden decrease in volumes and fees needed to fund operations.

APHIS monitors the reserve on a quarterly basis by comparing program costs (APHIS and CBP) to the amount of revenue collected. The difference between cost and revenue in a given quarter indicates whether the reserve has increased or decreased and by how much.

## 4. Fee Setting Recommendations

The methodology discussed above is APHIS' existing methodology for determining user fees used to successfully publish a rule in the *Federal Register*. The major issue with this methodology is that it does not take into account how AQI operational activities occur and what outputs they affect. For example, direct AQI costs identified by APHIS are based on how salary and benefit costs are recorded in the accounting system. This does not demonstrate what kind of work is being done, the output it contributes to, or the fee category where it should be recovered. Another issue is that the current fee setting process does not capture the full cost of the AQI program. Costs that have not been taken into account in past AQI fee-setting processes include imputed costs and depreciation. OMB Circular A-25 requires that all costs to the government be recovered fees, including imputed costs and depreciation.

We recommend that APHIS utilize the current AQI fee review, including activity-based costing (ABC), as the basis for future fee setting. ABC represents a different way of calculating AQI program costs compared to past practices, and will enable APHIS to more accurately project program costs, align costs with the appropriate fee services, and set new fees in the future. Grant Thornton has demonstrated this methodology for APHIS in the form of a sustainable AQI cost model that incorporates baseline (actual) costs and projected costs for future periods. An overview of our ABC methodology is below and details of the cost model can be found in a separate deliverable. In this section, we also discuss what APHIS needs to do to maintain the cost model and effectively set new fees in the future.

### 4.1 Overview of Activity Based Costing Methodology

The cost modeling effort included developing baseline cost information using FY2010 financial and workload data. The activity-based costing (ABC) methodology was used to determine the cost of AQI activities and outputs in support of the fee review. ABC supports the philosophy of full cost, complies with the Office of Management and Budget (OMB), the Government Accountability Office (GAO), and other regulatory guidance regarding full cost, and provides the functional elements and data for cost and business process analysis.

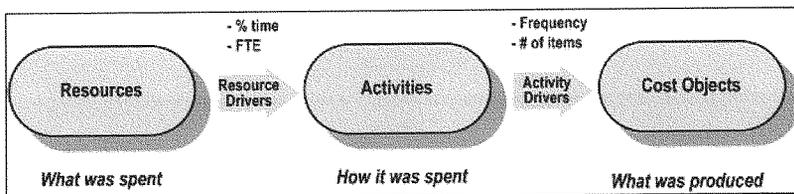


Figure 4-1

ABC is a two-step methodology to assign an organization's costs to its work activities and related outputs, as described below:

- Resources are an organization's costs, such as salaries and benefits, rent, equipment, etc. Resources are assigned to activities, which describe the work that the people in an organization perform.
- In the first step, resource costs are assigned to activities using resource drivers, which typically represent a cause-and-effect relationship to establish "how much" of a resource is consumed by the activity. For example, if an organization spends 10% of its effort performing a particular activity, that activity will receive 10% of certain costs (e.g., salary and benefits) for which level of effort is a good indicator of resources consumed.
- The second step assigns these activity costs to the outputs produced in performing the activities. This cost assignment is done using activity drivers, again based on a cause-and-effect relationship. For example, if an activity is performed for more than one type of output, the cost of the activity is assigned to the outputs based on the workload data (volume) associated with each output.

The AQI cost model design is based on the ABC methodology but incorporates several more "layers" to provide more transparent cost assignment and reporting. This included identifying and costing outputs at a more detailed level to provide flexibility for restructuring the AQI fee schedule. In addition, expected future costs and workload were added to the baseline costs to estimate the total costs and workload for the period the new fees will be in place. The cost model, including future period costs and workload projections, is documented in detail in a separate deliverable.

## 4.2 Recommendations to Improve and Maintain the Fee Setting Process

The ABC methodology discussed above provides the basis for establishing the full cost of the AQI program. To identify full cost and effectively set appropriate fees, several improvement and maintenance factors should be considered. These factors are described below.

### 1. Include all costs required for full costing

The baseline AQI cost model contains all costs necessary to show the full cost of the AQI program. APHIS should include all costs from this model when deciding on a new fee schedule. OMB Circular A-25 and FASAB Statement #4, mandate that a specific set of costs be included when calculating the full cost of a government entity. Common examples of overlooked costs required for full cost are imputed costs, depreciation, and overhead/support costs. All of these costs are included in the baseline AQI cost model.

## 2. Maintain and/or modify aspects of the AQI cost model

As previously discussed, the baseline AQI cost model developed for the AQI fee review is inclusive of all costs necessary for calculating accurate user fees for the AQI program moving forward. It is imperative for APHIS to maintain and update the cost model with the appropriate information. Aspects of the cost model that would need to be updated and potentially modified are listed below:

- **APHIS and CBP Resource Costs:** These costs should be requested from both agencies. APHIS was able to provide this data out of its financial system. CBP provided resource cost information by activity from its cost model. The cost model documentation deliverable provides more detailed information regarding the specific data elements for APHIS and CBP resources.
- **APHIS and CBP Overhead Costs:** These costs should be requested from both agencies based on the parameters discussed in the baseline AQI cost model documentation. Specifically for APHIS, a new overhead rate has been calculated for the AQI program. It will be important for APHIS to review and potentially refresh this rate each time the cost model is updated. The overhead rate is provided in the cost model documentation deliverable.
- **APHIS and CBP Imputed Costs:** In the past, these costs have not been included for fee setting purposes but should be requested from both agencies based on how each was calculated for the baseline AQI cost model. Specifically for depreciation costs, APHIS should show a sub-account in the AQI reserve account that includes the portion of the reserve related to depreciation. This will provide greater transparency into capital cost recovery.
- **Future Period Costs:** In past fee setting exercises, APHIS has applied COLA and inflationary factors to the AQI program's estimated baseline cost to help project future year costs. This practice should continue under the new fee setting process. The AQI cost model can be adjusted to reflect changes in COLA/inflation and is discussed further in the cost model documentation. Grant Thornton has accounted for these increases when creating future year models for FY2011-FY2015. Additionally, when projecting future costs, APHIS should identify specific budget initiatives slated to begin or end during the period that the new fees will be in effect. These initiatives could increase or decrease costs.
- **APHIS Activity Survey:** The APHIS activity (labor) survey should be updated yearly to maintain an accurate representation of the work performed by APHIS personnel. At a minimum, the activity dictionary and survey percentages should be reviewed to see if any significant changes have occurred. As an alternative, to distributing a survey each year, APHIS could modify its time and attendance system to include the same activities that are captured by the survey and have employees enter time by activity. APHIS would then have real-time data for AQI-efforts throughout the agency. Additional activity survey modifications are represented under recommendation #4 in this section.
- **CBP Activity Costs:** These costs are pulled directly from CBP's existing cost model and CBP has confirmed that all costs used in the baseline cost model are directly related or support the AQI program. The cost model documentation provides the complete list of CBP activities included in the AQI cost model.
- **APHIS and CBP workload data:** The workload (output) data received from both agencies is considered to be reasonably accurate. There were instances where the same set of data was requested from two different people and Grant Thornton received two different sets of numbers. CBP and APHIS should make sure that queries for required data, especially workload data, are run

consistently within each agency. To project costs of the AQI program, APHIS will need to project future period workload. The agency should use reliable sources and analysis to estimate future workload instead of relying on past trends. These specific sources are discussed in the cost model documentation.

- **APHIS and CBP driver data:** Similar to workload data, driver data in the baseline AQI cost model is deemed accurate and usable but the queries used to pull this data should be constant across the board. On occasion, we received two different sets of data representing the same data request. An example of this involved the collection of PestID system data used to drive several activities in the baseline AQI cost model. Depending on how the data is queried, a user can get different results. It took several iterations before we were comfortable with the results of this system. APHIS should standardize and establish a validation process for its data queries.

Keeping the cost model and its components up to date will not only facilitate the future fee setting process but will also provide relevant information to management for decision making purposes.

APHIS should also develop a manual or checklist for updating the baseline AQI cost model. A manual can act as a guide and plan for updating the model each year and will help eliminate variation from one version to the next. The cost model documentation deliverable acts as a starting point for such a manual because it provides useful information on how the model was built and data sources/specifications.

### 3. Calculating and Depositing Imputed Costs

APHIS should set up a process to calculate and deposit Office of Personnel Management (OPM) and Department of Labor (DOL) imputed costs to Treasury. This is necessary because these costs are not paid from the AQI fund and thus should not be retained in the fund. Calculating the imputed costs to be deposited in Treasury can be done by using the AQI cost model to determine the portion of each fee service's unit cost related to OPM and DOL imputed costs (discussed in the AQI cost model documentation). The component unit costs would then be multiplied by the actual workload volumes (passengers, conveyances) processed to estimate the amount due to Treasury. If some caps stay in place, APHIS would need to determine the proportion of AQI program costs funded through appropriation and back out the OPM and DOL imputed costs associated with them. This could be done on a quarterly basis and APHIS would need to work with Treasury to clarify the details for depositing these funds.

### 4. Improve the APHIS Labor Survey and update the APHIS Activity Dictionary

While conducting the AQI fee review, an issue arose when the survey was distributed to APHIS field offices for completion. To ease the amount of effort required for filling out the survey, we included the number of AQI-related hours charged by each APHIS employee for FY2010. Several respondents disagreed with the amount of AQI-related hours for employees in their organizations. A number of organizations indicated these hours were inaccurate and did not reflect the amount of AQI work performed. In some cases they indicated the data reflected people who no longer worked in a given organization and/or did not include everyone that currently works there. This could be a result of a disconnection between the human resources, payroll, and financial systems. For example, when an employee moves from one state or program to another, this move may be updated in one system but not the other. The linkage between these systems needs to be examined before executing another labor survey.

An activity dictionary was developed for the APHIS AQI labor survey and was vetted by several APHIS personnel. Upon conducting the survey, several additional AQI-related activities were identified by the

respondents as not being included in the original dictionary, and these activities were added to the activity dictionary and the baseline cost model. These activities should be included in any additional survey conducted by the agency. Survey respondents also identified additional activities that are funded by AQI but are not considered AQI. The cost associated with these activities were included in the cost model but excluded from the amount to be recovered by fees. Any erroneous charges should be stopped immediately and should not be included in calculating the future total cost of the AQI program. The activity dictionary overall should be updated every few years as the work performed in the field and at headquarters will not vary dramatically in the short-term.

If an AQI labor survey is distributed again, APHIS should hold information sessions with survey respondents to eliminate any issues beforehand and convey to the field the importance of conducting such a survey. We did hold information sessions at the State Plant and Health Director (SPHD) level. The SPHDs were not the ones filling out the survey and several of the same issues and questions arose from respondents that had already been covered in the information session.

#### **5. Identify inspection split between maritime cargo conveyances**

For future iterations of the APHIS cost model, the agency should determine the cost of maritime cargo inspections between container, break-bulk, and bulk ships. The amount of effort required to inspect a container ship may be much greater than the effort required to inspect a bulk or break-bulk ship. We attempted to develop this cost information during the AQI fee review but not all of the required data was available.

In order to separate the costs amongst these types of ships, a two pronged approach needs to be taken. First, APHIS would need to be able to identify the number of container ships, break-bulk ships, and bulk ship subject to inspection entering the country in a given year. Secondly, the average amount of time required to inspect each type of each ship would need to be calculated. Alternatively, APHIS could develop factors to indicate the relative amount of time. For example, if a bulk cargo ship takes the shortest time, break bulk might take twice as long and container ships may take three times as long. These factors could be used as weightings to differentiate the costs of each type of vessel.

Currently, CBP only collects information about the number of containers that enter the country but not container ships. We recommend that CBP and APHIS work together to identify the total number of each type of ship that enter the country.

#### **6. Identify split between conducting and monitoring treatments**

Similar to identifying the split between maritime cargo conveyances, it could be useful for APHIS to determine the difference in cost between performing a treatment and monitoring a treatment. We attempted to develop this cost information during the fee review but APHIS subject matter experts were not comfortable trying to estimate the difference in level of effort. APHIS would need to identify the number of each type and the average amount of time it takes to perform or conduct the treatment. These numbers could then be used to calculate the cost difference between conducting and monitoring treatments.

#### **7. Review the APHIS/CBP allocation each year**

In the past, AQI has used a pre-designated percentage to calculate the revenue allocation between APHIS and CBP. This allocation between the agencies should be based on actual or projected costs for each agency and

the allocation should be reexamined each year. The fee schedule alternatives, developed as a separate deliverable, include the associated APHIS/CBP allocation for each alternative based on projected costs.

#### **8. Monitor the reserve balance**

Maintaining a reserve balance for the AQI fee program is important for covering any unforeseen costs, capital investments, cash flow imbalances due to volume changes or carrier insolvency, and any uncollectable debts. We developed a formula for calculating the total reserve accumulated for each year and the number of days of operational costs it will cover for each fee schedule alternative. This calculation separately accounts for the total cost of the program and then shows excess revenue. In the past APHIS has included its reserve requirement when determining the unit cost of a fee schedule item. This is inaccurate because the reserve is considered an excess collection and should not be included when calculating unit costs.

Also, when conducting the next fee review, APHIS will need to consider the state of the reserve and determine how much additional reserve may be needed. If the reserve is stable and at the desired level, the new fees may not need to include significant adjustments for additional reserve.

Details on the reserve calculation can be found in the fee setting alternatives deliverable.

#### **9. Understand the effects of fee caps**

We analyzed the impact of the fee caps on the AQI program, which is provided in a separate deliverable for assessing the fee schedule and identifying alternatives. We were able to identify the amount of revenue lost for each type of cap. For trucks, we were also able to identify how many times, on average, a truck with a transponder crossed the border in a given year. However, this information was not available for other types of conveyances because they do not use transponders. Also, while we were able to calculate the average number of crossings for trucks with transponders, we were not able to determine the distribution around the average. Consequently, we could not determine the portion of trucks that are above and below the average. This is an important issue when considering how to set a fee for truck transponders. If the transponder price were increased from 20 times to 40 times the individual truck fee, some number of trucks would discontinue use of transponders. However without knowing the distribution around the average, it is not possible to estimate how much this will change with a given increase in the transponder fee. It would be useful if APHIS was able to understand the average number of crossings for each type of cargo conveyance and the distribution of these crossing around the mean. For any conveyance where a cap will still be in place, APHIS would need access to data to determine the average and distribution for each conveyance type.

## 5. Other Observations

Section 4 provided recommendations for improving and standardizing fee setting practices. This section includes some general observations and recommendations based on our visits to ports and discussions with APHIS and CBP staff and subject matter experts.

### 1. AQI data standards

When conducting the fee study and shift analysis of the AQI program, we identified an inconsistency in the way data is collected in the Eastern and Western regions. For pest identification, ports in the Eastern Region use a spreadsheet called the Q-log that tracks additional details about pest interceptions, submissions, and identifications. The Q-log does not exist in the Western Region which limits how the data can be analyzed across the AQI program. Other instances exist where a port may be collecting information that no one else in the country is collecting. This was seen at Miami where local spreadsheets or databases are used to track the time of day that fumigations occur. This data collection technique is useful for Miami and could potentially be useful for comparing other ports. APHIS should identify other examples of local “cuff” data records and see if the data should be used elsewhere.

In addition, we noted inconsistencies in how data is entered by CBP at the ports. For example, a CBP agriculture specialist may find a pest and fill out a Pest ID (Form 309) entry and only enter information into required fields. Another agriculture specialist may find a pest and enter information into required and optional fields. One of these optional fields is the type of conveyance on which the pest was found and is required for populating the baseline AQI cost model. Considering this field optional left a number of Pest ID forms labeled as ‘Other’ instead of labeled by a specific type of conveyance. APHIS was eventually able to identify how these ‘Other’ forms should be categorized but the process took an extended period of time. APHIS should standardize how information is recorded in its national systems.

### 2. Continue to collect data and streamline data entry process

APHIS and CBP do a commendable job of collecting data on a daily basis. The plethora and usefulness of data expedited the completion of the baseline AQI cost model. The two agencies should continue to collect data but should consider integrating the data entry process for entering similar data elements into multiple systems. Currently, data entry may be duplicative and can result in additional work or data inconsistencies. This time could otherwise be spent performing inspections or identifications critical to achieving the AQI mission. An example of duplicative data entry was seen at the Los Angeles Airport in passenger operations. CBP Agriculture Specialists must fill out Form 277 which is issued to record the number of referrals and quarantine actions taken from passenger/crew baggage items at airports. Data from this form must then be entered monthly into the WADS database.

### 3. Improved communication between agencies

Since DHS took over the inspection work of the AQI program, there has been a lack of communication between CBP and APHIS. This communication issue affects both agencies and may be hurting the effectiveness of each agency in carrying out the AQI program. Ideas to improve the overall mission of the program may be lost or data that could be useful to one agency may never be seen by the other. We also

heard of cases where CBP and APHIS do not communicate directly at the port level, but instead go through their respective headquarters organizations to communicate information and issues. This is inefficient and results in delays to complete clearance of cargo for fee payers.

Improved communication is required to run the program more efficiently. APHIS and CBP should consider having more frequent meetings and/or establish other forms of communication to share knowledge and information and devise a plan to accomplish this. This will become a larger issue because as more CBP agriculture specialist journeymen begin to leave CBP, the greater the gap between the two agencies may become. A number of APHIS and CBP personnel know each other because they worked together when the entire AQI program was within APHIS. As more senior APHIS and CBP personnel retire, there will be fewer professional relationships that can help with communications.

#### **4. Outreach to stakeholders**

A common observation through the project is that stakeholders may not understand what APHIS does for the AQI program. They understand that CBP inspects their cargo and what agriculture specialists do, but may not understand why APHIS has an involvement in overseeing the program or many not even know that APHIS has any involvement at all. Although there is a one-face-at-the-border initiative at CBP, APHIS still needs to convey its role in the program to various stakeholders. This is important because APHIS has overall responsibility for the AQI program and is also responsible for key activities such as pest identification and treatment, as well as issuing a rule that affects user fees and import requirements. We also recognize that APHIS is working to address this issue as part of the AQI outreach program being conducted by APHIS and CBP.

## Appendix A: Existing Fee Setting Process

The screenshots that follow represent the process used to calculate the FY2005-FY2010 fee schedule.

### Proposed budget

AQI USER FEES							
Status Quo with inflation only, no Canadian costs/volumes and no vessel passenger fees							
Prepared: September 9, 2004							
Proposed Budgets							
BASIS FOR CALCULATING FUNDING NEED	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10
<b>PROGRAM COSTS:</b>							
APHIS PROGRAM NEEDS	\$133,000,000	\$134,995,000	\$137,019,025	\$139,075,224	\$141,161,352	\$143,278,770	\$145,427,954
DHS PROGRAM NEEDS	\$104,000,000	\$106,610,000	\$109,863,650	\$202,861,605	\$205,604,529	\$208,693,097	\$212,127,993
TOTAL PROGRAM COSTS	\$327,000,000	\$331,905,000	\$336,883,575	\$341,936,829	\$347,065,881	\$352,271,869	\$357,555,947
RESERVE COMPONENT:		\$23,733,753	\$23,733,753	\$23,733,753	\$23,733,753	\$23,733,753	\$23,733,753
<b>TOTAL COSTS</b>		<b>\$355,638,753</b>	<b>\$360,617,328</b>	<b>\$365,670,582</b>	<b>\$370,799,634</b>	<b>\$376,005,622</b>	<b>\$381,289,700</b>
<b>The following information is used to add inflation to our costs for the outyears:</b>							
APHIS OTHER COSTS - GDP @ 1.5 %	\$399,000	\$404,985	\$411,060	\$417,226	\$423,484	\$429,836	\$436,284
20 % of all other costs							
APHIS EMPLOYEE COSTS - COLA @ 1.5 %	\$1,586,000	\$1,619,940	\$1,654,239	\$1,689,003	\$1,693,936	\$1,719,345	\$1,745,135
80 percent of personnel costs							
DHS OTHER COSTS - GDP @ 1.5 %	\$582,000	\$590,730	\$599,591	\$608,585	\$617,714	\$626,976	\$636,364
20 % of all other costs							
DHS EMPLOYEE COSTS - COLA @ 1.5 %	\$2,328,000	\$2,362,920	\$2,398,364	\$2,434,339	\$2,470,854	\$2,507,917	\$2,545,536
80 percent of personnel costs							
<b>Reserve Calculation:</b>							
(a) Reserve to build to = 25% of total program costs at the end of FY07				\$85,484,207			
(b) Projected reserve amount at the end of FY 04 (Per Noah Chart Dated 5-21-04)				\$19,759,969			
(c) Amount for the first quarter of FY05 for which the fees will not be effective		\$5,477,020					
Reserve Amount to be built into the fees each fiscal year				<b>\$23,733,753</b>			
* This calculated amount equals 25% of the yearly amount calculated as if the fees were implemented at the start of FY05./kc							

## Distribution of costs amongst conveyance types for future periods

AQI USER FEES							
Status Quo with inflation only, no Canadian costs/volumes and no vessel passenger fees							
Prepared: September 9, 2004							
Cost Distribution							
User Fee Category	Distribution	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10
	Percentages						
International Air Passenger	82.694100%	294,092,266	298,209,254	302,387,996	306,629,420	310,934,465	315,304,086
Commercial Aircraft Clearance	8.390000%	29,838,091	30,255,794	30,679,762	31,110,089	31,546,872	31,990,206
Commercial Vessels	7.040000%	25,036,968	25,387,460	25,743,209	26,104,294	26,470,796	26,842,795
Commercial Trucks	0.810000%	2,880,674	2,921,000	2,961,932	3,003,477	3,045,646	3,088,447
Commercial Truck Decal	0.686900%	2,442,883	2,477,080	2,511,791	2,547,023	2,582,783	2,619,079
Railroad Cars	0.379000%	1,347,871	1,366,740	1,385,892	1,405,331	1,425,061	1,445,088
<b>Total to be Distributed</b>	<b>100.000000%</b>	<b>\$355,638,753</b>	<b>\$360,617,328</b>	<b>\$365,670,582</b>	<b>\$370,799,634</b>	<b>\$376,005,622</b>	<b>\$381,289,700</b>

## Project volume calculations

AQI USER FEES							
Status Quo with inflation only, no Canadian costs/volumes and no vessel passenger fees							
Prepared: September 9, 2004							
Cost Distribution							
User Fee Category	Distribution	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10
	Percentages						
International Air Passenger	82.694100%	294,092,266	298,209,254	302,387,996	306,629,420	310,934,465	315,304,086
Commercial Aircraft Clearance	8.390000%	29,838,091	30,255,794	30,679,762	31,110,089	31,546,872	31,990,206
Commercial Vessels	7.040000%	25,036,968	25,387,460	25,743,209	26,104,294	26,470,796	26,842,795
Commercial Trucks	0.810000%	2,880,674	2,921,000	2,961,932	3,003,477	3,045,646	3,088,447
Commercial Truck Decal	0.686900%	2,442,883	2,477,080	2,511,791	2,547,023	2,582,783	2,619,079
Railroad Cars	0.379000%	1,347,871	1,366,740	1,385,892	1,405,331	1,425,061	1,445,088
<b>Total to be Distributed</b>	<b>100.000000%</b>	<b>\$355,638,753</b>	<b>\$360,617,328</b>	<b>\$365,670,582</b>	<b>\$370,799,634</b>	<b>\$376,005,622</b>	<b>\$381,289,700</b>

Project revenue calculations

AQI USER FEES							
Status Quo with inflation only, no Canadian costs/volumes and no vessel passenger fees							
Prepared: September 9, 2004							
Projected Revenue Using Rounded Fees							
User Fee Type	Current Fees	Projected Revenue FY 05	Projected Revenue FY 06	Projected Revenue FY 07	Projected Revenue FY 08	Projected Revenue FY 09	Projected Revenue FY 10
International Air Passengers	\$182,119,315	\$294,234,902	\$300,714,014	\$304,262,439	\$307,852,736	\$311,485,388	\$315,160,926
Commercial Aircraft Clearance	\$27,502,418	\$29,852,663	\$30,312,799	\$30,779,638	\$31,142,838	\$31,622,062	\$31,995,202
Commercial Vessel	\$24,508,864	\$25,037,296	\$25,391,733	\$25,750,756	\$26,114,420	\$26,482,782	\$26,855,899
Commercial Trucks	\$2,725,360	\$2,884,574	\$3,045,457	\$3,062,202	\$3,079,040	\$3,095,970	\$3,112,993
Commercial Truck Decals	\$2,297,860	\$2,442,988	\$2,590,789	\$2,616,697	\$2,642,864	\$2,669,292	\$2,695,985
Loaded Railroad Cars	\$1,241,625	\$1,348,220	\$1,366,369	\$1,430,921	\$1,450,183	\$1,469,705	\$1,489,468
<b>Totals</b>	<b>\$240,395,441</b>	<b>\$355,800,644</b>	<b>\$363,421,162</b>	<b>\$367,902,653</b>	<b>\$372,262,080</b>	<b>\$376,825,209</b>	<b>\$381,310,495</b>
<b>Estimated Revenue in FY05 if the Fees are Not Increased:</b>							
User Fee Type	Projected Revenue FY 05						
International Air Passengers	\$184,268,323						
Commercial Aircraft Clearance	\$27,826,947						
Commercial Vessel	\$24,753,952						
Commercial Trucks	\$2,740,345						
Commercial Truck Decals	\$2,320,839						
Loaded Railroad Cars	\$1,258,339						
<b>Totals</b>	<b>\$243,168,744</b>						

## FY2005-FY2010 Fee Schedule

AQI USER FEES							
Status Quo with inflation only, no Canadian costs/volumes and no vessel passenger fees							
Prepared: September 9, 2004							
AQI User Fees Rounded							
User Fee Category	Current						
	Fees	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10
International Air Passenger	\$3.10	\$4.95	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
Commercial Aircraft Clearance	\$65.25	\$70.00	\$70.25	\$70.50	\$70.50	\$70.75	\$70.75
Commercial Vessels	\$480.50	\$486.00	\$488.00	\$490.00	\$492.00	\$494.00	\$496.00
Commercial Trucks	\$4.75	\$5.00	\$5.25	\$5.25	\$5.25	\$5.25	\$5.25
Commercial Truck Decal	\$95.00	\$100.00	\$105.00	\$105.00	\$105.00	\$105.00	\$105.00
Railroad Cars	\$7.00	\$7.50	\$7.50	\$7.75	\$7.75	\$7.75	\$7.75
AQI USER FEES - NOT ROUNDED							
User Fee Category	Current						
	Fees	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10
International Air Passenger	\$3.10	\$4.95	\$4.96	\$4.97	\$4.98	\$4.99	\$5.00
Commercial Aircraft Clearance	\$65.25	\$69.97	\$70.12	\$70.27	\$70.43	\$70.58	\$70.74
Commercial Vessels	\$480.50	\$485.99	\$487.92	\$489.86	\$491.81	\$493.78	\$495.76
Commercial Trucks	\$4.75	\$4.99	\$5.04	\$5.08	\$5.12	\$5.16	\$5.21
Commercial Truck Decal	\$95.00	\$100.00	\$100.39	\$100.79	\$101.19	\$101.60	\$102.00
Railroad Cars	\$7.00	\$7.50	\$7.50	\$7.51	\$7.51	\$7.51	\$7.52
In going from unrounded to rounded fees, we set the truck decal fee to be 20 times the truck fee.							
General fee rounding is all fees rounded up to the nearest quarter, except the air passenger fee which is rounded up to the nearest nickel.							

## Effective Dates for Fees

<b>Estimated AQI User Fee Collections - Based on Emergency Rule</b>		
<u>If the Revised Fees Are Effective December 1, 2005:</u>		
Estimated Fee Collections for FY'05	\$	313,800,376
AQI Program Costs	\$	331,905,000
Shortage	\$	(18,104,624)
FY'05 Beginning Reserve	\$	19,759,968
FY'05 Estimated Reserve at End of Year	\$	1,655,344
5 months / 12 months		41.67%
7 months / 12 months		58.33%
		100.00%

Mr. Harris: Please explain the disposition of the \$150 million in annual passenger AQI fee collections in excess of the cost of their inspections.

Response: Now that APHIS has done an intensive analysis and determined the costs associated with each type of pathway, we are adjusting the rates accordingly. Previous air passenger collections have supported other Agricultural Quarantine and Inspection operations, and APHIS is correcting the imbalance in user fee rates. APHIS based the new rates on an analysis conducted through an activity based cost model to ensure that the rates would cover the costs associated with each particular fee type or pathway and that none of the fees paid by one group of fee payers would subsidize activities related to another group.

Mr. Harris: Please justify APHIS' decision to collect amounts from air passengers that exceed their inspection costs to fund reserves in view of over collections from commercial air passengers.

Response: The proposed air passenger fee is \$4 per passenger—a reduction of \$1 from the current fee structure—and represents the actual cost to the Federal government for providing Agricultural Quarantine and Inspection (AQI) services. Section 2509(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (21 U.S.C. 136a, FACT Act) authorizes APHIS to establish fees in a reasonable manner to recover funds spent on safeguarding activities. In addition to authorizing APHIS to collect user fees for inspection and related activities, the FACT Act directs APHIS to ensure that the fees cover the costs of administering the user fee program and maintaining a reasonable balance, also known as a "reserve," to ensure that funding is available in the event that there are temporary reductions in the demand for AQI services leading to reduced fee collections, as was experienced in the past. As there are fixed costs (i.e., cost that do not fluctuate with demand for AQI services) that the program incurs, a reserve is needed to ensure continuity of service in times of reduced fee collection. This provides certainty to importers regarding the availability of inspection services. In addition, the FACT Act, as amended, also requires that the cost of AQI services with respect to passengers as a class should include the cost of inspections of the aircraft or other conveyance. In the case of air passengers, the inspection of the aircraft includes the passenger and crew compartments.

#### BUDGET REQUEST

Mr. Harris: When APHIS announced its regulatory process improvements in 2011, it did not identify a lack of resources as a significant cause of regulatory delays. What circumstances have changed since 2011 to cause the agency to seek additional appropriations, especially since the number of petitions received by the agency has declined significantly since 2011?

Response: USDA appreciates the level of resources provided by Congress for Biotechnology Regulatory Services. The increase USDA received in the FY 2012 appropriation helped us address our regulatory delays and implement improvements to regulatory reviews. In order to significantly decrease the length and variability of the deregulation process, we streamlined the process, standardized the timeline for review, implemented new management and

tracking tools, and enhanced the use of public input. USDA also used the additional funds provided by Congress to hire new biotechnologists and environmental specialists to work on analyses and meet the new timelines. USDA has made significant progress in improving the timeliness of regulatory decisions without sacrificing scientific integrity. USDA has not sought additional appropriations for the program since FY 2012.

Mr. Harris: Information about BRS performance in the Administration's Fiscal Year 2016 proposed federal budget does not appear to match publicly available agency performance data. (a)How does the agency account for the discrepancy? (b)Please provide a clear explanation of how APHIS calculates its performance measures.

Response: The information about Biotechnology Regulatory Services performance submitted in the Administration's FY 2016 proposed federal budget matches the information that is publicly available on the FY 2014 USDA Annual Performance Report. In both documents, the cumulative number of actions taken by USDA to deregulate biotechnology products based on the sound scientific determination that they do not pose a plant pest risk was: 93 in FY 2012, 102 in FY 2013, 109 in FY 2014, which exceeded our goal of 107. USDA conducts a thorough scientific analysis and considers public comments for each submitted petition. If the genetically engineered (GE) organism is reviewed and found safe for use in the environment, the Department may determine nonregulated status. USDA then publishes a Federal Register notice announcing its determination of nonregulated status. The performance measure is calculated as a whole positive integer. The number is verified and tracked using a count at the end of the fiscal year of publications of determination in the Federal Register. The cumulative number of reviews and determinations of biotechnology products found safe for use in the environment is an indicator of GE technologies that may be commercialized by developers.

#### BIOTECHNOLOGY

Mr. Harris: The Congress appreciates USDA's work over the last year to reduce the backlog of biotech traits pending approval. Clearing the backlog is one important priority for Congress. The other important priority is improving overall predictability so that USDA can begin to immediately meet its goals set out in 2011. This predictability, more than clearing a backlog, is what will drive long term agricultural innovation. Now that the backlog is reduced, how and when will USDA meet its 2011 goals and obligations?

Response: USDA appreciates the Committee's support of the biotechnology program. USDA implemented a new petition review process in 2012. The Agency also reduced the backlog from 23 pending petitions to 2 petitions. USDA is currently at a point where the Agency will meet the new timeline goal of 15 months for a petition review for any petition received in FY 2015.

Mr. Harris: Mr. Secretary, you have been a champion for agricultural innovation, including the use of biotechnology in plant and animal breeding. (a)What is your view on the GMO labeling issue? (b)Do you support a 50-state patchwork of GMO labeling laws?

Response: We recognize and appreciate the strong interest that many consumers have in knowing whether a food was produced using genetic

engineering. The Food and Drug Administration is responsible for assuring that foods sold in the United States are safe, wholesome, and properly labelled. USDA understands that GE products have undergone rigorous regulatory reviews and have a strong safety record. Food labels currently convey facts such as nutritional information or whether the food might pose specific known hazards that the consumer should be aware of (e.g. ingredients that may cause food allergies). We must ensure that consumers reach the proper conclusion about the foods they choose, and avoid the possibility of arriving at an improper misperception about food safety.

New 21st century tools and technologies, such as barcodes or QR codes and smartphones or store scanners, could be used to provide consumers a way to find out what they might desire to know about a particular food product while at the same time accurately conveying the history of safe use that GE products have demonstrated.

We recognize the vital partnership that the Federal government and State governments must have to address the challenges faced by modern agriculture. We believe that the solution to these challenges, including the desire by consumers for product choice, will require the joint efforts of States, Federal government, and Congress.

Mr. Harris: Mr. Secretary, a small, but vocal, group of GMO detractors is having a negative impact on public policy at federal, state, and, increasingly, local levels of government. Last year, 30 states considered more than 100 proposed laws or ballot initiatives related to GMO labeling or regulation. More and more, detractors are taking their arguments to city councils and county commissions and finding success. This is very troubling because GMOs are regulated by federal agencies, primarily USDA. (a)What role does USDA have in communicating the safety of GMOs to state and local leaders? (b)Can the Department work with University Extension or other local agricultural experts to help inform state and local leaders about the good work done by USDA scientists and regulators to ensure GMOs are safe?

Response: Most of the corn and soybeans produced in the United States are biotechnology-derived. This means that we work with our stakeholders to help them understand the technical aspects of new products and how we have determined that they meet our high safety standards. As the scope and complexity of biotechnology grows, the goal of USDA is to clearly and consistently communicate regulatory policy and decision-making that will increase the transparency of the regulatory system and earn public confidence. This is accomplished by providing information that is easily understood and widely available to all interested parties, including such domestic stakeholders as State agencies, tribal nations, non-governmental organizations, and members of the regulated community. The USDA regulatory system for biotechnology derived products emphasizes public participation and embraces an open exchange of ideas. Public participation is important for promoting accountability, improving decisions, increasing trust, ensuring that we have widely dispersed information, and making sure our stakeholders gain a better understanding of our regulatory responsibilities. Yes, the Department can work with University Extension and other local agricultural experts to help inform state and local leaders about the good work done by USDA scientists and regulators.

## QUESTIONS SUBMITTED BY CONGRESSWOMEN DELAURO

## CHINESE CHICKEN

Ms. DeLauro: Please give us an update on the status of the equivalency determination for the importation of processed poultry products from the People's Republic of China. Are we importing any poultry products from China under the conditions of the 2006 equivalency determination rule? When is FSIS expected to publish a proposed rule on China's poultry slaughter system? As you may know, the Food and Drug Administration has recently issued Import Alerts against two Chinese pet food manufacturers because they were processing poultry raised in China that contained veterinary drugs and antibiotics that are not approved here in the U.S. for use in poultry. What discussions has FSIS had with the Chinese on the issue of veterinary drugs in poultry and what measures is FSIS contemplating taking to deal with this issue if it ever accords China equivalency status for its poultry slaughter system?

Response: In 2006, FSIS determined that China's poultry processing system was equivalent to the United States. On August 30, 2013, FSIS released the final audit report finding that China is eligible to export processed poultry product. While China has certified three plants to export to the U.S., currently, there is no processed poultry being exported from China to the U.S.

Furthermore, the United States is not currently importing any poultry products from China.

FSIS will not propose to find China's poultry slaughter system equivalent until there has been an audit that finds that China's system is operating in a manner that is equivalent to that of the U.S. We have yet to make such a finding.

FSIS auditors have had discussions with Chinese officials regarding the use of veterinary drugs in poultry. For poultry intended for human consumption, China has structured a system of recordkeeping requirements for veterinary drug use, including U.S. prohibited drugs, in the flock houses and mandated government oversight to ensure that flock houses and establishments adhere to U.S. requirements. Based on the conclusions in the 2010 and 2013 audits, the audits found no issues with this equivalence component.

## USDA ANIMAL RESEARCH CENTER

Ms. DeLauro. In response to the outrageous animal cruelty that the New York Times documented at US Meat Animal Research Center in Nebraska, you announced that you had directed ARS staff to update something called the "Animal Welfare Strategy Plan" within 60 days. Moreover, an independent panel is to review ARS's animal handling protocols, policies, and research practices. I have a few questions about the Department's Answer.

Since, as a result of these revelations, there is a perceived need to update the Animal Welfare Strategy Plan, are we to understand that the activities documented in the NYT were in compliance with the current Animal Welfare Strategy Plan?

Answer. We take the depiction in the New York Times' article of animal care and research at the U.S. Meat Animal Research Center (USMARC) extremely seriously. If accurate, the allegations in the article would not be consistent with our commitment to animal health and welfare throughout our intramural and extramural research programs. I have charged the independent review panel, comprised of veterinary experts and agricultural research leaders, with conducting a full and thorough assessment of the care and well-being of USMARC's animals. I assure you that we will carefully review the panel's findings, make them available for public review and comment, and move swiftly to implement all recommendations for addressing any issues identified at USMARC. In addition, while the review panel is conducting its work, I have directed the Agricultural Research Service (ARS), the Agency that leads and oversees USMARC's research program, to prepare a comprehensive animal welfare strategy for its research programs nation-wide. I believe this strategy, which will include components regarding the Agency's policies and procedures for animal care and use in research, employee training, enhanced oversight and reporting, and other mechanisms, will ensure that we are taking every appropriate step to ensure animal health and welfare across ARS.

Ms. DeLauro. If not, why were these activities allowed to continue? What kind of oversight and enforcement on the part of the USDA occurred?

Answer. Oversight of animal research done at USMARC and other research facilities is maintained and coordinated by ARS senior leadership, including facility directors, area directors, and national program leaders. I assure you that this oversight includes focus on animal welfare practices. ARS policy requires scientists to adhere to and follow Animal Welfare Act (AWA) regulations and the Public Health Service (PHS) Policy on Humane Care and Use of Laboratory Animals. ARS requires all of its research locations that have animals to provide annual reports on animal welfare to the ARS Office of National Programs for review and to ensure adherence to Agency policies and procedures. As part of its preparation of the updated animal welfare strategy, ARS will look critically at this oversight process and recommend steps to improve and strengthen it, consistent with our commitment to animal health and welfare. One step already taken by ARS is the appointment of the Agency's first animal welfare ombudsman to receive animal welfare concerns and ensure they are quickly and thoroughly reviewed by ARS leadership.

Ms. DeLauro. What is the status of the independent panel looking into the abuses at MARC?

Answer. The independent review panel is conducting a full and thorough assessment of the care and well-being of USMARC's animals. The panel will spend time at USMARC and then prepare and submit to me a draft report, including its findings and recommendations. I expect this draft report by early March. It will be made available for public review and comment, including a public listening session. After the close of the public comment period, the review panel will finalize its report and provide it to me and the National Agricultural Research, Education, Economics, and Extension (NAREEE) Advisory Board for further review and public comment before the report is final. I assure you that we will carefully review the panel's report and swiftly implement recommendations.

In addition, I have asked the he panel to conduct a second review and visit and assess 3-5 additional ARS locations where livestock research is conducted. These reviews are expected to take place in the spring and early

summer of 2015 and conclude with a final report to the Under Secretary for Research, Education and Economics in the Fall 2015.

Ms. DeLauro. Are you investigating the conduct of animal research at USDA facilities besides MARC?

Answer. The USDA External Animal Handling and Welfare Review Panel will review 3-5 additional USDA-ARS locations in the spring and early summer of 2015. As part of its work to prepare the updated animal welfare strategy, ARS is also reviewing operations at all locations conducting animal research.

Ms. DeLauro. Will the updated Animal Welfare Strategy Plan apply to all Agriculture Research Service (ARS) facilities?

Answer. Yes, the updated Animal Welfare Strategy Plan applies to all ARS facilities.

Ms. DeLauro. Mr. Secretary, have you considered using your policymaking authority to subject all USDA research on animals to inspection under the Animal Welfare Act, with the reports available to the public so there is transparency? And if not, please explain why not.

Answer. The use of policymaking authority may be considered at a later date once additional information is available. However, it is the policy of Agricultural Research Service (ARS) to adhere to and follow all regulations of the Animal Welfare Act (AWA) to ensure that the animals used in research by the agency are treated appropriately and humanely. However, under the AWA's exemption for research conducted on animals raised for food or fiber, ARS animal facilities are not subject to the law and Animal and Plant Health Inspection Service's (APHIS) AWA regulations. ARS livestock research facilities have therefore not been inspected by the APHIS AWA program. As part of our commitment to animal welfare, ARS and APHIS have initiated discussions on the AWA program providing routine and unannounced inspections of ARS laboratories that house livestock and other animals. Further, as part of the updated animal welfare strategy under development, ARS is exploring with APHIS additional oversight and training mechanisms to ensure the Agency maintains a strong culture of animal welfare.

#### TPP FOOD SAFETY QUESTIONS

Ms. DeLauro: In the Transatlantic Trade and Investment Partnership negotiations, we have heard that the European Union would like for FSIS to grant equivalency status to the entire EU as a whole for its inspection systems for meat, poultry, and egg products rather than conducting equivalency determinations for each individual country in the EU. What is the USDA position on this approach?

Response: USDA, through FSIS, depends on the competent authorities of the individual Member States to carry out the inspection and internal audit activities to ensure proper implementation of the EU food hygiene legislation/regulations. FSIS reviews the EU Member States supporting documentation that address implementation, monitoring, written records, and scientific documents to verify that the inspection system as described is operational.

## BRAZILIAN AND ARGENTINIAN MEAT

Ms. DeLauro: Last year's final FSIS audit report dated April 16, 2014, suggests that Brazil's meat processors lack the ability to meet U.S. compliance standards. I am greatly concerned that opening the U.S. to importation of fresh and frozen beef from 14 Brazilian states will put consumers at risk of food borne illness. What is the status of the APHIS final rule to permit fourteen Brazilian states to export fresh meat products to the U.S.? When is the next food safety audit for Brazil going to be posted by FSIS? I have similar concerns for Argentina's meat product. What is the status of the APHIS proposed rule to permit Argentina to export fresh meat products to the U.S.? When is the next food safety audit for Argentina going to be posted by FSIS?

Response: Safeguarding against significant animal diseases, including foot-and-mouth disease (FMD), is vital to protecting U.S. industries, producers, and consumers, and remains a top priority for USDA. Our import decisions are based on sound science and thorough risk assessments. We will only make decisions to allow imports when there is evidence of sufficient protective safeguards in place.

On December 23, 2013, USDA published a proposed rule to allow fresh or frozen beef to be imported from 14 states of Brazil with appropriate FMD mitigations. Similarly, we published a proposed rule on August 29, 2014, to allow fresh or frozen beef to be imported from northern Argentina with appropriate FMD mitigations. We extended the comment period for both rules by 60 days to provide domestic producers with additional opportunity to register their input. The comment periods closed on April 22, 2014, for the Brazil rule and on December 29, 2014, for the Argentina rule. APHIS received substantive comments on both rules, and provided copies of internal documents regarding these rules to groups that requested them. APHIS drafted the final rules and included responses to the comments. Both rules are in Departmental clearance.

The audit of Argentina was completed on August 22, 2014. The audit of Brazil was completed on October 3, 2014. The Argentina and Brazil draft audit reports are in process and should be cleared and posted on the FSIS Website soon. As for all audits of foreign countries, FSIS verifies that the deficiencies identified during previous audits have been corrected.

Two agencies in USDA have authority over the importation of meat and meat products. FSIS has public health authority, and assesses a country's food safety system in line with that authority. APHIS has animal health authority, and establishes regulations concerning the importation of animal products - including meat - to prevent the introduction of disease agents that could affect livestock in the United States. Both agencies' import regulations must be met, to ensure that products can be imported and pose no human and animal health safety concerns.

## MAD COW FROM CANADA

Ms. DeLauro: In February the Canadian Food Inspection Agency confirmed that a cow from Alberta was the first in Canada with BSE (bovine spongiform encephalopathy) since 2011. When did Canada inform USDA of this case of BSE in one of its cows? Did Canadian Agriculture Minister Gerry Ritz mention to you or others at USDA of the possibility of a BSE case during his recent

visit to the U.S.? How confident are you in the BSE surveillance system in Canada and its ability to enforce its ruminant-to-ruminant feed ban regulations?

Response: Although Agriculture Minister Ritz did not mention to us the possibility of a Bovine Spongiform Encephalopathy (BSE) case in Canada during his visit, Canada agriculture officials did inform us of the BSE case as soon as they had a presumptive positive test result. They later provided us with more detail and notification when they confirmed the positive result. USDA has completed substantive evaluations of Canada's animal health systems, and we remain confident in the quality of their surveillance system and disease control measures. The World Organization for Animal Health has also evaluated Canada's risk status related to BSE and deemed it as meeting internationally accepted standards for controlled risk.

FRIDAY, FEBRUARY 27, 2015.

**NATURAL RESOURCES CONSERVATION SERVICE**

**WITNESSES**

**JASON WELLER, CHIEF, NATURAL RESOURCES CONSERVATION SERVICE**

**MICHAEL YOUNG, BUDGET OFFICER, U.S. DEPARTMENT OF AGRICULTURE**

**INTRODUCTION OF WITNESSES**

Mr. ADERHOLT. The Subcommittee will come to order. I would like to welcome Mr. Jason Weller, Chief of the Natural Resources Conservation Service, and also Mr. Mike Young, USDA's Budget Director, to the Agriculture Appropriations Subcommittee this morning. Welcome to both of you for being and thank you for being here.

**OPENING STATEMENT—MR. ADERHOLT**

We convene today, of course, to review the Natural Resources Conservation Service's Fiscal Year 2016 budget request. NRCS requests a total of \$1.03 billion in discretionary funds, and it is for salaries, expenses, programs, and activities. In addition, about \$3.2 billion will be available through the Farm Bill's mandatory conservation programs to farmers, ranchers, private forests, land owners, to help them preserve, protect, and enhance their land.

For several years the NRCS has been working to bring its financial and accounting systems into line with today's transparency and accountability standards. This work is enormously important to ensuring the integrity of NRCS's operation, and also their programs.

The cooperation work between the NRCS and the farm, ranch, and forest land families to conserve and to maintain their productive lands is often unrecognized. The science-based, locally-led and volunteer approach to conservation on these lands is an incredible legacy that arose out of the dustbowl years. This legacy is worth defending. But we must have an appropriate so-called "back-office systems" and controls in place to ensure that it can be passed on to future generations.

NRCS is about to embark on a significant restructuring that will strengthen integrity of its programs and its systems to ensure the legacy of the science-based and locally-implemented and voluntary conservation continues. The plan appears to be thoughtful and to be thoroughly vetted.

Chief Weller, I would like to congratulate you and also your staff on the time, the effort that you put in. Also, the—I am sure—blood, sweat, and tears that were invested in putting this plan together

over the past several months. And I look forward to hearing more about it as we go through the hearing today.

So, at that, I would like to recognize the Ranking Member, Mr. Farr, if he has any comments he would like to make at this time.

#### OPENING STATEMENT—MR. FARR

Mr. FARR. Thank you very much, Mr. Chairman. I have no prepared comments, I just have some observations.

I have the privilege of flying across this country every week, and back to California. And it hit me, looking out the window of the plane often, how much of this land is an open space in America. And almost all that land is in private ownership. And it really strikes you that—what a delicate balance there is, because you have people who own that land, and much of it is in productivity, with agriculture and/or grazing. There is no way in the world that you could make all that land public, or lock it all up, but it is really important that—best management practices and smart use of land.

I think that is where your agency really comes in with technical assistance, kind of an advisor, almost as people have financial advisors, you know. You do land conservation—not even sure the word “conservation” ought to be in—best management practices of what we have learned in applying that, and giving them assistance with that.

I would be very interested to know how we can leverage that more with private-public partnerships—so you work with a lot of different agencies. There are a lot of silos back here in Washington. But I think we are at a time as the Chairman pointed out—that, with limited resources, we are going to have to get better collaboration, get a better bang for our buck.

And I am wondering if you can, in your remarks, talk about how we could leverage state and non-profit organizations so that they were all kind of going in the same direction, and putting our money, matching money and things like that, carrot stick-type thing—I think that is what you are trying to do with reorganization, and I look forward to hearing about it. Thank you very much.

Mr. ADERHOLT. Thank you, Mr. Farr. Chief Weller, the floor is yours.

#### OPENING STATEMENT—MR. WELLER

Mr. WELLER. All right. Well, thank you very much. Good morning, Chairman Aderholt, Ranking Member Farr, members of the Committee. I am very honored to serve as chief of the Natural Resources Conservation Service, and work for the 10,500 men and women that work in this agency across the United States. And hopefully, I am able to well represent what they deserve, in terms of good representation today before the Committee.

I am particularly proud of where I work, because it is an example of what I view government at its best, in that we actually empower people. We empower families, we empower businesses, we empower communities to take charge of their operations, their businesses, to make investments on their lands and their operations to be economically successful, but also better manage those resources for the long term. Ultimately, to grow the feed and fiber

and food we need, as a nation, but also maintain the quality of life that we deserve and expect in this country.

Mr. Farr, with respect to your observation about the United States, you are absolutely right. If you look continentally, 70 percent of the land in the lower 48 is in private ownership. And, particularly in the Southeast and the East Coast, it is upwards of 80 or 90 percent of the land is in private ownership. So if you talk about the long-term environmental quality or economic vibrancy or ability to feed ourselves, but also still have water and wildlife and other amenities we demand, it is ultimately the decisions those millions of private landowners make.

And, in my view, another way I think about NRCS is as one of the world's largest management consulting firms. We are actually out there every day, working one on one, voluntarily, at the invitation of those land owners, to help them make wise business decisions, which ultimately help their bottom lines, but also help them better manage their soils and the water and the habitat more effectively.

So, I have sort of four core priorities for this agency. I just want to briefly touch upon that, hopefully, you will see reflected in this budget.

Number one is that I want NRCS to be known as and to continue delivering excellent and innovative service across the United States. I think that is emblematic on how this agency took what Congress provided us last year in the new Farm Bill, and we are ready. In a matter of weeks we caught it, we pivoted, and delivered on the promise of that Farm Bill. So we got all the programs out last year. That resulted into tens of thousands of contracts, billions of dollars of financial and technical assistance, and we got all our rules out on time. And so it is no muss, no fuss, no drama, we got that Farm Bill implemented.

Second priority is that we need to be able to modernize and strengthen NRCS's Conservation Delivery System. Chairman Aderholt, to your point, one of the examples, that is our administrative transformation, where we are looking at how to transform NRCS as the business of conservation so we can become a leading-edge example of how government can manage itself more effectively, more efficiently, and ultimately provide better customer service.

But another example is the Conservation Delivery Streamlining Initiative. Hopefully I can also expand upon that. This Committee has entrusted us resources the last several years to invest in this modernized IT infrastructure, and we have delivered on that. The first major component, first of its kind, cutting edge technology which is then empowering land owners to manage their business and interact with us without having to come into a field office.

Third priority is to enhance and expand NRCS's technical and scientific capabilities. Again, that is exemplified from our soil health campaign, where we are helping farmers and ranchers not just manage the physical and chemical properties of the soils, but also the biological properties of the soils, treating the soil as a living ecosystem, so the livestock below the surface of the soil can support the livestock and the food production above the surface.

But also, then, part of our budget request is increased support for the Conservation Effects Assessment Project, CEAP, as it is

known by its acronym: world-class, cutting-edge, only one of its kind, in my view, in the world, that is looking, on a continental basis, what is the return on investment when we invest in conservation. What does that mean for the land owner and, ultimately, for the resources in that area?

And the fourth priority is to expand the scope, the reach, and customers and partners of NRCS. Again, that is—I would like to, hopefully today, expand upon this. An example of this is our Strike Force Initiative. We are investing serious money in the poorest communities in this country, working with land owners for a variety of reasons have been left behind. We are making a difference. We are offering economic opportunity and hope to these families. But, in return, also helping better manage the resources.

And also, the Regional Conservation Partnership Program. Again, to your point, Mr. Farr, about how to leverage from the private sector, from foundations, state and local governments, other federal agencies, philanthropic investors. We have an example of how we are trying to do this a little bit differently, outside the box, and I would like to talk a little bit more later on today about that new approach.

I really appreciate this Committee's support for this agency, for conservation in general, but for our agency, specifically. And I really look forward to today's conversation. Thank you, sir.

[The information follows:]

**Statement by  
Jason Weller  
Chief, Natural Resources Conservation Service  
Before the Subcommittee on Agriculture, Rural Development,  
Food and Drug Administration, and Related Agencies  
Committee on Appropriations,  
U.S. House of Representatives**

Mr. Chairman, Ranking Member, and distinguished members of the Subcommittee, thank you for the opportunity to appear before you today to discuss the fiscal year (FY) 2016 budget request for the Natural Resources Conservation Service (NRCS). The ongoing support of this Subcommittee for voluntary private lands conservation is making a difference for our Nation's farms, ranches, and private forests. Before providing the Subcommittee details of the proposed NRCS budget, I would like to share some examples of how conservation programs are demonstrating that we can sustain a highly productive agriculture while making progress in protecting and improving the Nation's natural resources.

**Mission Delivery Highlights**

In FY 2014, NRCS provided technical assistance to over 135,000 customers to address natural resource objectives on almost 60 million acres of farm, ranch, and forest land. Many customers begin their relationship with NRCS through requests for technical assistance that result in the development of conservation plans that serve as a platform for action. The Conservation Technical Assistance (CTA) Program is the backbone for conservation planning and the Agency's conservation delivery system. Conservation planning is a proven, science-based process to support land managers' decision-making on conservation systems that will meet their natural resource and economic objectives.

To give you a picture of the scope of the CTA Program, allow me to highlight a few of our FY 2014 accomplishments. Through CTA, we assisted producers with designing conservation plans to address their operational and conservation objectives. Included in these plans were conservation practices covering:

- 18.2 million acres to improve water quality;
- 13.1 million acres to improve grazing and forest land;
- 6.2 million acres to improve wildlife habitat;
- 6.2 million acres to improve soil quality; and,
- 790 thousand acres to improve water use efficiency and reduce costs to the producer.

NRCS conservationists work with State and local partners, as well as private organizations, to deliver conservation technical and financial assistance. In FY 2014, these non-Federal partners contributed an estimated \$77.9 million in in-kind goods and services along with nearly \$123 million in financial assistance to address local resource concerns that support our goal of getting conservation on the ground.

Other Departments of the Federal government can also be valuable partners in conservation efforts. For instance, the Administration launched the Sentinel Landscapes partnership to accomplish three critical goals: preserve agricultural lands, assist with military readiness, and restore and protect wildlife habitat. In this unique collaboration, the U.S. Department of Agriculture, Department of Defense, and Department of the Interior work with state, local, and private partners to preserve and restore natural lands important to the nation's defense mission. The basic premise is to preserve and restore habitat around the military base to ensure at-risk species can survive, while also improving military readiness by ensuring training activities can proceed unimpeded.

About a year ago, the Agricultural Act of 2014 (Farm Bill) was enacted, delivering an extremely strong conservation title, consolidating and streamlining programs and providing important new authorities. Implementing the Farm Bill quickly and seamlessly was, and continues to be, a priority for NRCS. A few highlights include:

- In FY 2014, producers addressed their conservation needs on over 11 million acres with assistance from the Environmental Quality Incentives Program; over \$928 million was obligated in nearly 40,000 contracts to support this conservation work. This work supported projects in resource-based initiatives, such as air quality, on-farm energy

conservation, migratory bird habitat, and the Mississippi River Basin and production oriented initiatives such as organic production, and seasonal high tunnels.

- The 2014 Farm Bill consolidated existing easement programs into the Agricultural Conservation Easement Program. In FY 2014, \$328 million in funding was used to enroll an estimated 143,833 acres of farmland, grasslands, and wetlands through 485 new ACEP easements (88,892 acres in Ag Land Easements, and 54,941 acres in Wetland Reserve Easements). These easements will help preserve important agricultural lands and agricultural viability and create and protect habitat for migratory birds and other important species.
- Since the Conservation Stewardship Program started in 2009, the program has become a major force for conservation, and it continues to inspire conservation action to enhance America's natural resources. With the FY 2014 sign up enrollment of about 9.6 million acres, the total acreage of lands now enrolled in CSP exceeds 60 million acres, about the size of Iowa and Indiana, combined.
- The Regional Conservation Partnership Program created a new platform for engaging partners and leveraging the federal conservation investment. The response from partners was overwhelming, with demand for over \$2.8 billion in funding - 6 times more than the available program resources. In January 2015, 115 high-impact projects were selected, which will direct more than \$370 million in Federal funding to locally led conservation efforts across all 50 states and Puerto Rico. Partners are leveraging an estimated \$400 million in their own contributions, which doubles the investment to improve the nation's water quality, support wildlife habitat, and enhance the environment.

These critical Farm Bill tools used together and in partnership with producers, forest landowners, and other public and private partners are making major gains in addressing locally and regionally identified priorities, for example:

- Since 2010, the Mississippi River Basin Initiative (MBI) has quadrupled the investment in water quality projects in the Mississippi River Basin. NRCS models show that targeting water quality conservation in the right places with the right practices is an effective means to achieve cleaner water for community water supply, wildlife, and

recreation. For instance, in 2014, Arkansas delisted from the 303(d) impairment designation two stream segments as a result of MRBI projects. By working with partners in this area, NRCS and its partners were able to make a bigger impact for water quality conservation.

- The conservation work completed by 30 private landowners in partnership with NRCS and other partners directly contributed to the U.S. Fish and Wildlife Service's August 2014 decision not to list the arctic fluvial grayling under the Endangered Species Act. These landowners are voluntarily developing and implementing conservation plans on more than 150,000 acres in the project area and having a positive and measurable impact on the Montana fish and their working farms and ranches.
- Since FY 2010, USDA and its partners in the Sage Grouse Initiative (SGI) have worked with private landowners to restore 4.4 million acres of habitat for sage-grouse while maintaining working landscapes in 11 western states. In the past five years, NRCS has invested \$296.5 million to restore and conserve sage-grouse habitat, which in turn leverages an additional \$128 million in contributions from ranchers and other conservation partners. These significant investments are a result of an unprecedented collaboration and proactive approach to support sustainable ranching while also providing high-quality habitat.
- Since 2010, NRCS has been working through the StrikeForce for Rural Growth and Opportunity initiative to assist farmers and ranchers in communities that face persistent poverty. NRCS and other USDA agencies are focusing assistance and outreach in over 770 counties, parishes, boroughs, and census areas, and Indian reservations in 20 states to jump start collaboration and investment in these communities. In FY 2014 alone, NRCS invested \$286 million in partnership with producers to help their operations be more economically successful and environmentally sustainable. Through this effort, the level of participation of historically underserved and limited resource producers in NRCS programs has jumped as high as over 200 percent compared with the first year.
- In FY 2014, about \$30 million was invested in 13 projects across the country through the Chiefs' Joint Landscape Restoration Partnership to help mitigate wildfire threats to communities and landowners, protect water quality, and supply and improve wildlife habitat for at-risk species. This multi-year partnership between NRCS and the U.S.

Forest Service is working to improve the health and resiliency of forest ecosystems where public and private lands meet across the nation. Progress will continue in FY 2015 with \$10 million to be available for 15 projects across the nation.

- Since 2009, USDA has awarded more than 320 Conservation Innovation Grants (CIG) to accelerate development and delivery of innovative approaches to agricultural conservation. In FYs 2013 and 2014, greenhouse gas CIG projects resulted in approval of carbon offset protocols that position farmers to earn carbon credits they can sell on voluntary, and eventually compliance, markets. These projects are helping to create new, durable incentives for conservation that benefit agriculture and natural resources.

### **Improving Mission Support**

One of the best ways we can ensure that high-quality conservation assistance is available to farmers and ranchers is to strengthen NRCS's business operations and administrative capabilities. NRCS is undertaking a number of key management initiatives related to agency and program administration.

### **Conservation Delivery Streamlining**

The Conservation Delivery Streamlining Initiative (CDSI) will enable NRCS and its partners to develop better conservation plans and improve service to customers. CDSI's three integrated components – the Client Gateway, Conservation Desktop, and Mobile Planning Tool will:

- enable high-quality, science-based conservation planning,
- simplify conservation for clients and NRCS employees, and
- streamline business processes.

Importantly, NRCS has successfully launched the first component of CDSI, the Client Gateway, a web-based internet portal that allows our customers to review their conservation plans and program contracts, sign documents, apply for programs, request assistance, schedule appointments with NRCS, and track financial payments – all online and without having to travel to a field office, 24 hours a day, and seven days a week.

In FY 2015, NRCS will complete the design and IT architecture work of the second and third components of CDSI, the Conservation Desktop and Mobile Planning Tool. Full implementation

of CDSI will allow the Agency to redirect over 1,500 staff years from administrative and contract management tasks to providing direct technical assistance to clients.

### **Improving Financial Processes**

Since 2002, the scope of NRCS's conservation programs has experienced significant growth. While we have dramatically increased the resources for conservation in this country, we also need to have robust accounting and documentation procedures in place to manage public funds responsibly.

Over the past several years, NRCS has made significant improvements such as enhancing the agency's internal controls over financial resources, reducing potential information technology security risks, and strengthening the reporting of its financial obligations. In FY 2014, independent auditors found that NRCS had made continued improvement in:

- financial reporting processes and controls;
- financial management for information technology systems, ensuring that the infrastructure is robust and data safeguarded; and
- our ability to report on the condition and location of property, plant and equipment.

We are committed to having a best-in-class financial management operation. While NRCS is making excellent progress, we look to further these successes in the coming year. NRCS's plan focuses on three key areas:

- strengthening our internal control review processes,
- integrating audit remediation efforts in daily operations, and
- improving our financial data, extracts, and reporting information.

The integration of these three focus areas enables NRCS to identify weaknesses early in the process and take corrective actions, such as implementing controls over system access and approvals.

### **The Future of Administrative Services**

NRCS has been working to streamline and improve the capacity within three primary administrative functions – budget and finance, human resources, and procurement and property – in order to improve internal and external customer service and achieve cost and efficiency gains. In FY 2014, we piloted numerous components of the approach, for example initiating national service delivery for Accounts Receivable, Accounts Payable, Hiring and Staffing, Contracting, and Real Property. We are continuing to refine and improve the implementation plan to ensure success. By the end of FY 2015 we plan to have the new model in place to provide high-quality mission support that will deliver improved value for the taxpayer and better service to customers.

### **Fiscal Year 2016 Budget**

The President's 2016 NRCS budget proposal focuses on supporting NRCS's technical operations while delivering its new and reauthorized programs to the Nation's farmers, ranchers, and forest landowners. The request proposes a total of \$4.2 billion for NRCS conservation programs, which includes discretionary funding appropriated by this Committee and funding authorized by the 2014 Farm Bill. The President's Budget is a reflection of the Administration's emphasis on focusing financial and human resources on critical conservation issues while taking steps to streamline, modernize, and better deliver conservation services to our customers.

The budget requests \$1.03 billion for discretionary programs, including the following:

- An increase of \$23.7 million for the: Conservation Delivery Streamlining Initiative (\$14.7 million); Conservation Effects Assessment Project (\$5 million); decentralization of General Services Administration Rental Payments and Department of Homeland Security payments (\$3.8 million); and Federal Employees Health Benefits (\$248 thousand);
- A decrease of \$45.3 million in the funding provided for program activities;
- A proposed pay cost increase of \$6.4 million; and
- A new Private Lands Conservation Operations account to consolidate discretionary and mandatory funds used for conservation technical assistance. The account shows a total of \$1.6 billion for FY 2016, comprising \$831 million in discretionary funding and \$775 million in mandatory funding.

The budget also proposes \$200 million in Watershed and Flood Prevention Operations for Climate Resilience and a strategy focused on helping communities in preparing for and mitigating the effects of extreme weather events, with an initial emphasis on benefitting coastal areas. This investment mirrors interest signaled by Congress in the 2015 Appropriations report.

The previously discussed mandatory programs are funded at \$3.2 billion in new mandatory authority, representing a significant investment in voluntary conservation and reflecting the reauthorized and newly authorized programs in the 2014 Farm Bill. The budget proposal as a whole makes a firm commitment to sustaining progress and expanding the conservation tools that will enable us to meet natural resource challenges today and prepare for those on the horizon.

### **Conclusion**

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to appear before you today. Conservation continues to be a solid investment in our Nation's future. These conservation programs and activities supported by Congress and the Administration have demonstrated success in helping farmers, ranchers, and private forest owners achieve their production and operational goals in balance with natural resource objectives, which provide benefits for rural communities and the nation as a whole. The President's FY 2016 Budget reflects and continues that commitment, while recognizing the need to focus limited resources on critical conservation issues and to streamline and modernize operations. I would be happy to respond to any questions at this time.

## ADMINISTRATIVE TRANSFORMATION

Mr. ADERHOLT. Thank you. Let me just begin by mentioning back in 2013 the Committee approved the NRCS's reorganization plan to separate the management of its business operations from the management of its policy and programs. This was an early step toward the changes mentioned in your testimony regarding the streamlining and improvement to NRCS's administrative functions.

What is the status of the plan to transform the administrative services?

Mr. WELLER. So just to real quickly—for other Members, for their awareness, what NRCS—we have invested in—the last couple years, taken a really hard look at how we do the business of NRCS. So, principally looking at our human resources, our financial management, and our contracting property management. Big picture, what are—the vestige of how we manage that business is we are very decentralized. So think about us being a franchise. We have 53 independent franchises, each with their own HR operation, their own budgeting operation, their own contracting operation.

That worked well, historically. But now that we have to be more efficient and more cost-effective with the money, the irony is, corporately, we are probably spending too much, in terms of the management. But if you look at each state, where you have an independent state office, probably too thin. We don't have enough support in each state.

So, for example, you're one person deep in your budget office. You are one person deep in your HR office. That means you are one retirement, one sick day away from that business operation shutting down. So what we are trying to look at is how do we become more cost effective and a better-managed business of NRCS, be more accountable, be more streamlined, but also ultimately provide better service, more timely, internally and externally.

And so, yes, we have invested the last two years, taken a look at how to harness the latent power and capacity of all of these professionals. We have close to 600 professionals across the United States in all these different disciplines. How do we use their expertise, but really then, instead of having them wear multiple hats, expect them to be jacks of all trades, instead allow them to be the experts they are, and focus on what they are trained in, they have their educational attainment in, they have their tools and capabilities to be focused on. So you allow accountants to be accountants, you allow contracting officers to be contracting officers, and HR specialists to be HR experts.

And so, we are creating national teams that will be providing service from the field office to my office, and everywhere in between. And we are looking forward—we have already stood up several of these national teams for managing our fleets, managing our reimbursable payments, managing our budget processes, managing our hiring staffing, and it is showing—it works. You can get higher quality service delivered faster and cheaper.

And so, we are looking forward to—we are going to be—briefed the Committee staff earlier last week—finalizing final approvals within the Department, and we look forward to them coming before the Committee officially, and seeking your review and

concurrence with this approach. The goal is to have this completely stood up this calendar year. And we are really excited about what this will ultimately mean for the long-term resiliency and cost-effectiveness of our agency.

Mr. ADERHOLT. You mentioned the employees. What does it mean for the current employees?

Mr. WELLER. So we have—I have core commitments to those employees. Number one, everyone gets to keep their jobs. This is not a large RIF. They will all remain NRCS employees. Importantly too, they all get to keep their grade and pay. Three, they can stay where they are. We are not creating a Taj Mahal of administration somewhere, where everyone has to move to. They can stay in their current locations, because we have the technology and tools to manage this, virtually.

And so, we really, then, are looking to then get these folks realigned into teams where you have experts delivering what they are trained to do. They are being supervised, importantly, by experts, then, who know this discipline. Because HR policy is incredibly complex. Contracting policy, grants and agreements policy, very complex. You want to have experts doing this day in and day out. You got economies of scale. But then you want to have good training, the supervision, the collaboration that occurs in these teams that then, ultimately, we will expect.

So I think this is, ultimately, for our employees, going to be a better morale-booster. Employees who have been on these interim teams serving on detail assignments, the feedback we get is that they are really excited. They actually see this as a big improvement in their quality of life. It is less stress. But then also, we all save some time and money, as well, at the end of the day.

#### FINANCIAL AUDITS

Mr. ADERHOLT. As you are aware, the Inspector General has issued numerous reports under financial management system. And, as you know, this Subcommittee has been concerned about the audits for several years. NRCS has made great progress, but there continues to be a great number of deficiencies.

I understand that the planned administrative transformation also addresses these deficiencies and concerns. What is the relationship between audits and your work to transform the NRCS's administrative functions?

Mr. WELLER. So there is no one more concerned about the financial audit and our financial management capabilities than me. And part of—this is very personal for me, because in a past life I actually was the OMB budget examiner for this agency. And my parting gift, when I was at OMB, to NRCS was to require them to go into a stand-alone audit, some parts.

So, fast forward to today. I am now bearing the joy of that—what I inflicted upon myself. So kind of back to the future. [Laughter.]

This agency has come a long way. If you go back to where we were three years ago, we had seven material weaknesses. Completely unacceptable. In just the last three years we are down now to three material weaknesses, just three weaknesses. And now we are on the cusp of getting this done. We know what we need to do, and this administrative transformation is going to get us over the

line. So, instead of having 53 different business centers writing into our general ledger, we will have one team writing into our general ledger. While instead of having 53 different reimbursement payment teams issuing payments, we will now have one team issuing payments to this agency, using standard operating procedures, standard policies, same technology, the same training. So this is absolutely the way we will nail it, and stick our audit.

Mr. ADERHOLT. Okay. Just in closing, when do you expect to achieve a clean audit?

Mr. WELLER. So, our goal this year, it is very complex. I don't want to equivocate here. Our goal is this fiscal year to end with clean balances. This is the goal, so that our auditors can tie to our balances, which then sets us up for clean balances for 2016. And then you need to maintain your internal controls for a whole fiscal year. So the goal is, by end of 2016, they will be able to get an opinion on our books. That is what we are aiming for.

Mr. ADERHOLT. End of the year.

Mr. WELLER. Yes.

Mr. ADERHOLT. Mr. Farr.

#### LEVERAGING RESOURCES

Mr. FARR. Well, thank you, Mr. Chairman. I am so impressed with—I guess we call you Chief Weller. Sounds like law enforcement. But I am really impressed with your ability to get in and do that reorganization, because there is so much of that that is essential in government these days. In all levels, not just the federal government. California is into a term now called “realignment,” where we are going to—reorganizing.

Is that because you were a member of this staff, and you got really good training. Perhaps, Mr. Chairman, we ought to require that all the agencies have to hire former Appropriations staff members.

I would like to pursue just that, what you are trying to do to leverage your resources. I mean I represent a really beautifully environmental area. We had dozens of non-profits, you know: Save the Redwoods, the Big Sur Land Trust, Santa Cruz Land Trust, three or four farm land trusts. I will bet, if we add it up, we probably have 25 land trusts working in my area. All of them have a different client, different agenda, different staffing, but they all have one thing in common, they all want to come and have the land that they buy transferred to the federal government.

But they are doing a lot of work with getting agricultural easements on lands by big land owners, and there is a lot of interest in that, just because they want to preserve their land and agriculture forever and ever, and they don't want their children to have to sell it off or dump it to some big developer. So there is a lot of private-sector interest in this. It is just I am interested in how we can better leverage, because, as you know, they are all in their own silos.

I have got a lot of big Forest Service in my area. Forest Service is in your Department. Are you working with them also, so that there is kind of a one-stop—you talk about being that—what, strike team? Is that—could you explain more about that?

Mr. WELLER. Yes, absolutely. So there are two direct examples I will give you, sir. And one I mentioned in my opening remarks is the Regional Conservation Partnership Program (RCPP), which is a new authority in the 2014 Farm Bill. The basic idea here is you actually invite local partners to devise their own projects. You ask them what do they want to do.

So, what we are finding is that, more often now, you go into places like the Salinas Valley or the Pajaro Valley in your district, for example, and there is a lot of people doing a lot of really good things. But, more often than not, we are not coordinated. We are putting a lot of money on the ground, but in a way we are like ships passing in the night.

So what we did with the Regional Conservation Partnership Program is sort of like pulling a sock inside out. Instead of the federal government saying, "This is what we are going to do in your community," instead we ask, "Community, what do you want to do? And we are here to support you."

So, we opened it up to competition, and we got applications, 600 applications, from every state in the country, from all over the country. And folks were really excited about this. And what it does is it catalyzes that locally-led approach, where you get, like, the Santa Cruz Resource Conservation District (RCD). They then talk to Driscoll's Berries. They talk to the Pajaro Valley Water Management Agency. They talk to Santa Cruz extension. They talk to the marine sanctuary. And they leverage the resources up front, and then they come to us and say, "NRCS, this is what we would like to do with the program in the Pajaro Valley to save water, but also to increase groundwater recharge."

And so, one of the projects we funded, then, in the Pajaro Valley this year through RCPP first round was \$800,000 of NRCS money matched by \$900,000 of the partners. So, total project, over \$1.5 million that they estimate is going to save over 400 acre-feet of withdrawal from the aquifer, but also add additional recharge to the aquifer of 600 acre-feet. That is a lot of water savings in a water-scarce area, but you are getting industry involved—Driscoll's Berries. You are getting extension to provide really good outreach and education. You are engaging RCD, so it is a locally-led approach. And the federal government, then, is just a co-investor. We are a true partner in this. So this is one example.

Nationally, we have 115 of these projects that—they are just showing this is an approach we really absolutely have to pursue.

Mr. FARR. Well, my time is up, but I really appreciate that. The ag industry is really excited about what Driscoll is doing, and Driscoll is, I think, taking a national lead in talking about how agriculture can do a lot to improve water conservation and water quality. Thank you.

Mr. ADERHOLT. Yes, thank you. We are getting a call for votes, and we anticipated we were going to have a little bit more time. And so we are trying to make sure everybody gets their questions in. But we are going to go on as long as we can.

So, Mr. Valadao.

#### CALIFORNIA DROUGHT INITIATIVE

Mr. VALADAO. Thank you, Chairman.

Thank you again for coming and spending some time with us today. My question is about a drought initiative that started in February of 2014. About \$25 million was spent. Can you give me an idea of what type of technologies and what type of response, and even some of the improvements, or maybe how much efficiency we have seen? Do we have any numbers that we can see?

Mr. WELLER. Yes, sir. Absolutely. I know in California—the whole state, but particularly in the San Joaquin—this is a huge issue. So, last year, just using our financial assistance program alone, we added an additional \$25 million into California to go into the drought-stressed areas. Sort of three core things we are looking at.

First, for fallow fields that we—there is no water to plant, we are looking at putting in some kind of cover. So whether that is keeping residue on the land, or actually planting a water crop that doesn't—or a cover crop that doesn't require a lot of water resources, lock those soils down.

For folks that still have access to water, we are secondly trying to help upgrade their irrigation efficiency, so their microdrip irrigation—you know, remove flood irrigation, move to a different improved water management. And then, for grazing lands, again, helping them put in the infrastructure to support cows, getting cattle out of the riparian areas to reduce pressure on water there, developing water, you know, upstream, putting the proper fencing that works in receding pastures and range land areas to maintain the vitality of those areas.

The big picture, though, we have been very focused on drought, long-term, in California. So we have actually partnered with Reclamation, joint partnership. Reclamation is making investments in their delivery mechanisms, their canal systems. And then we meet them at the farm gate, and we do the on farm savings. So this partnership, we have invested over \$20 million over the last several years in Central Valley. We estimate these projects, when complete, will save 167,000 acre-feet per year, which is a lot of water. That actually equates to over 550 billion gallons of water, which sounds like a lot of water. Well, that is actually enough water to supply 3.7 million homes with drinking water, annually. That is the amount of water we are saving. So we are very focused on drought and water scarcity in California.

Mr. VALADAO. All right. Well, I appreciate that. Thank you again, and I yield back.

Mr. ADERHOLT. Mr. Bishop.

Mr. BISHOP. Thank you very much. And welcome, again, Chief Weller.

Mr. WELLER. Thank you.

#### SOCIALLY-DISADVANTAGED FARMERS AND RANCHERS

Mr. BISHOP. Sounds good to address you as chief. Your budget justification indicated that you have successfully provided \$99 million through 3,764 contacts with socially-disadvantaged farmers and ranchers to treat approximately 2.3 million acres. Is this on an annual basis, or is it the cumulative total over several years? And do you have any plans to expand the activities?

Many of us at some point would like to see persistent poverty counties in the nation have a targeted plan of action from USDA and all federal agencies, really, whose mission it is to assist our lowest income communities, and particularly our rural areas. I congratulate you on what you are doing, but can you kind of expound on that.

And I also want to congratulate you on your partnerships with the North Carolina A&T and Florida A&M, with regard to the biological, agriculture, and system engineering academic programs, which is a great partnership. But I would like to also remind you that there are 14 historically black land grant universities, not the least of which is Fort Valley State University in the Second District of Georgia. And all of them, I think, are in need of assistance. And if there is any way, any plans that you have for expanding those partnerships, I think it would help you help the nation. And, of course, it would help those universities.

Mr. WELLER. Yes, sir. So yes to both. First, starting with StrikeForce, very quickly. So we started—actually, Georgia was one of the original pilot states. And NRCS—I am really proud of how NRCS stood up here, and complete hats off to those field folks. They worked mightily to start working with community-based organizations in Georgia and Mississippi and Arkansas. We went into every county in the state to improve outreach, to hold community sessions, town hall meetings. We had people at those meetings with contracts in hand, ready to sign people up as they leave the room, “Let’s get you in programs.”

So, if you look at just last year alone, yes, it was over \$90 million just annually, just to socially-disadvantaged producers. But, in total, NRCS invested over \$286 million into the highest poverty counties in the Strike Force. Over the last four years, \$992 million in financial assistance went to those poor communities. And so these are absolutely job-creating investments. It is helping those families put modest investments on their operation to help their bottom line. But it is also then a complete job creator, in really offering economic opportunities in those communities.

Regarding interest in working with historically black colleges and universities, 1890s, absolutely. Actually, I just had a meeting last week with the new president of the Student Conservation Association. We have a shared interest in the Gulf State region, in particular, improving their association’s engagement with the historically black colleges, and also Hispanic Institutions. We do, as well, because we have to start employing a 21st century workforce that is representative of this country, and ensuring we are having diversity in every sense of the word in the agency. So I am very much focused on this, and would be happy to visit with you or your staff about how we could work with you on—

#### DRONES

Mr. BISHOP. Thank you. We will follow up on that. I appreciate that very much.

Under the Natural Resource Inventory Program, you acquire, analyze, interpret, and deliver data through the NRI program and Conservation Effects Assessment Project. Can you tell us if you have any plans to utilize drones to assist in the collection of infor-

mation? Because you do a lot of photography, put a lot of contracts out to take pictures, and there is a tremendous amount of interest in the use of drones and agriculture, particularly in assisting the optimal design of and layout of soil and water assessments, and other related issues.

Have you looked at this issue? Are there any current inter-agency discussions with FAA or other agencies concerning the growth and the use of drones? Obviously, there are some security issues involved, but there is also a great deal of interest for commercializing that practice, and using it in agriculture.

Mr. WELLER. Absolutely. It is a new technology, but we also have to be careful, because folks do have privacy concerns. FAA also had safety concerns. So, in part, NRCS, we were sort of at full-stop, let's wait for FAA to actually come out with a rule. Now that the rule has been issued, we are trying to figure out how NRCS can work within that to do remote sensing, but in a way that protects privacy, assures land owners who are not—there is a regulatory component, because I know folks have some concerns when the federal government starts flying drones over their property.

So we just need to make sure NRCS is doing this technology in a way that is appropriate, that is sensitive to land owners' concerns, but also then helps us do a better job of managing resources.

Mr. BISHOP. Thank you.

Mr. WELLER. Thank you.

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

Mr. ADERHOLT. Mr. Rooney.

#### AGRICULTURAL CONSERVATION EASEMENT PROGRAM

Mr. ROONEY. Thank you, Mr. Chairman. I have a very brief question. A lot of my larger land owners, farmers, ranchers in Central Florida, which I represent, a lot of citrus, beef cattle—a lot of them are getting interested in this conservation easement program that—you have consolidated a lot of the easement programs into one new overarching program. I just wanted you to give us an update about how that is going, and how you have been working with the enrollees, or potential enrollees, that want to participate.

Mr. WELLER. So—yes, sir. The 2014 Farm Bill consolidated all these programs we had into one new program called the Ag Conservation Easement Program. ACEP is the acronym. Two components to this. There is the ag land easement component, which is like a working lands, grazing lands, row crop protection, which is we basically provide financial assistance to a state agency or to a land trust, and they go acquire the easement. And then there is a wetland component, where NRCS actually acquires the easement and does the wetland restoration, but it is still privately-owned land.

It was well oversubscribed last year, so we invested \$328 million. We got 144,000 acres of easements across the United States. And so we are trying to do everything we can. We actually just—I think today—issued the interim final rule for the new program. So we have been working very hard with land trust and state agencies across the U.S. to understand how the program is working, how it is not, how we can fix it and make it better, an easier experience for state agency or land trust to work with us. But then also how

to streamline this so, for a land owner, they have a better experience, they get their easements closed quicker, they understand kind of the rules of the road, so it is much more transparent and they know kind of what their responsibilities are, what they are getting involved in, but also, hopefully, what they see the benefits are of easements.

At NRCS, over the last several years, we put a lot of very significant easement resources voluntarily into Central Florida, working particularly with the grazing community, the ranching community in Florida. A very strong interest in that community, and we are very proud of that partnership with them. Because what is great with this program, you can also have—you can still have working lands. So as long as we have an agreement on, you know, stocking rates and the management, you can still run cattle on those wetlands, and so you still have working ranch lands, but then you are also providing water quality, flood protection, wildlife habitat on the same working lands.

So, we are real excited about our partnership with producers in Florida. Thank you.

Mr. ROONEY. Yield back.

Mr. ADERHOLT. Mr. Young.

Mr. YOUNG. Thank you, Mr. Chairman. Chief, how are you today?

Mr. WELLER. Very well, thank you.

#### NUTRIENT DISCHARGE

Mr. YOUNG. Nice to see you again, Mr. Michael Young. I want to reflect back on one of my colleague's comments regarding drones. I appreciate your comments on privacy and respect for land owners. Also please be cognizant of what is being done in state legislatures and with state law regarding this, because there are some things going on in the states that you will have to reflect on as well. So thank you for your comments regarding privacy and the need for and the attention to that.

In Iowa, we are working hard on a pragmatic approach to reduce the amount of nutrients discharged from point sources and non-point sources, wastewater treatment plants, as well as our farm fields. We have got state, federal, and farmer dollars that have been invested in this. It is a voluntary approach. You have flexibility to target those programs, I understand, to the needs of the region, county, and state. How much is the NRCS contributing to this effort, and does it plan on contributing more or less?

Mr. WELLER. If anything, more. But it is—again, it is at the invitation of those land owners in Iowa. But also, crucially, to Congressman Farr's—again, his request, or hope, that we are coordinating with government, with state agencies, and also with non-profits and other private organizations in Iowa.

And, again, coming back to the Regional Conservation Partnership Program, there is two examples of this, two great projects in Iowa. One, we partnered up with the State of Iowa. The Department of Agriculture invested \$3.5 million to then complement the state's resources to help implement their nutrient reduction strategy, which is part of this pragmatic approach you are talking about in Iowa.

We also invested \$2.5 million with the City of Cedar Rapids, again, to do source water protection for that city. We are working collaboratively with land owners up the river to do land treatment, good investments on their operations to help their bottom line, but also then to help protect drinking water quality coming in to the City of Cedar Rapids. These are two examples of that pragmatic approach we are trying to take in Iowa, working voluntarily with land owners to protect, help their bottom line be more efficient with their nutrients, and better manage their soils, be more productive, then also protect water quality for all Iowans.

So we are very much proud of our partnership with the State of Iowa, but also with other associations like soybean, corn associations in Iowa, as well as non-profit organizations, like Nature Conservancy and other groups in Iowa. We are all collectively partnering on this.

#### WETLANDS DETERMINATION

Mr. YOUNG. Well, I appreciate that collective approach to what we are trying to do on a voluntary level. I believe that we will get it right. It is a matter of time. Some people want it sooner, rather than later. But to get it right, it may take a little more time. But we will see.

Last year the NRCS proposed updating the way it conducts wetlands determination in the prairie pothole states—you know: Minnesota, Iowa, North Dakota, South Dakota. How will the wetland determination proposal affect producers? When there is a review, will there be an ability for folks to have a second request for review, and a second opinion, if they disagree with a determination you make?

Mr. WELLER. Yes. So, first, starting with what a producer hopefully will experience with this, what we are proposing is bringing a modern, up-to-date, scientifically-driven approach to doing what we are calling offsite determinations. This is a practice we have had at NRCS for decades. But what we didn't have in the prairie pothole region is a consistent approach across all four states. So, depending on where your property was, you had a different approach that we needed to update.

So what this means, though, is actually, at the end of the day, when we implement this—because we were just seeking comments on this approach, so far—is better service for a producer. So, right now, as you know, there has been a backlog, particularly in North and South Dakota, but Iowa, as well. And a lot of cases it is because it is on-site determinations. It takes staff time. When you do an off-site determination, you are using remote sensing technology, photography, LIDAR coverage, other techniques to really do equivalent, if not more accurate, determination approach.

Bottom line is time savings. So, the average number of time it takes to do an off-site determination is six hours. The average number of hours it takes to do on-site is at least 14 hours. Many of them are 40 hours. And that doesn't count all the driving time. When you break that down into dollars and cents, if you just take the assumed \$30 an hour for, like, a field technician to go out and do it, that equates to about \$170 to do an off-site determination.

When you do on-site it is like over \$400 a determination, on average.

But when you multiply it out over, like, South Dakota, where they have 2,500 determinations in the backlog, that is the difference between \$300,000 over \$1 million. And when it comes down to that kind of expenditure, when you add that up across four states, you are talking real money. And that is money I would rather employ back in the field to provide, you know, technical assistance to producers, as opposed to investing in a way that we could be more efficient.

So, to your question about what happens for the producer, the first approach would be the off-site determinations, which would be much more efficient. They will get determinations made quickly. It is a preliminary determination. They don't like the determination, they can then appeal it and they can then request an on-site determination. They don't like the on-site determination from the field staff, they can then appeal that to the state office. They don't like the state office determination, they can then appeal that to the National Appeals Division. So there is absolutely all these protections for a producer. We are not changing any of that, how that works. We are actually just trying to streamline it and get the determinations made faster and cheaper.

Mr. YOUNG. So, with the off-site, it saves time. But you make that up with the technology you are talking about to get a more accurate read, you believe. If there is some disagreement, there is a review for on-site.

Mr. WELLER. Exactly.

Mr. YOUNG. Okay. About how many acres of wetlands are left in the pothole prairie region for review, do you know?

Mr. WELLER. So—I don't know the acreage, but in terms of the backlog, across all four states is a backlog, currently, as of January this year, 4,600 determinations backlog. But to put that in perspective, we have done over 50,000 determinations in the last 4 years. So there is a lot of folks coming in, and we have been keeping up with that, plus getting rid of the backlog. So we have a plan now to get rid of that backlog within the next two years.

Mr. YOUNG. Thank you, gentlemen. Mr. Chairman.

Mr. ADERHOLT. Okay. We have been summoned for a vote, and I am not sure how long we will be over there. So what I would like to do is just open it up. Does any Member have another question they would like to ask Chief Weller before we adjourn? [No response.]

Mr. ADERHOLT. So—okay, good. Well, thank you for being here, and we appreciate your assistance and work that you do. And we look forward to following up with you.

We may have some questions that we will submit for the record. But, anyway, we appreciate your presence here. Thanks very much.

Mr. WELLER. Thank you, sir.

UNITED STATES DEPARTMENT OF AGRICULTURE  
NATURAL RESOURCES AND ENVIRONMENT  
QUESTIONS FOR THE RECORD  
HOUSE AGRICULTURE APPROPRIATIONS SUBCOMMITTEE HEARING  
February 27, 2015

QUESTIONS SUBMITTED BY CHAIRMAN ROBERT ADERHOLT

STATUS OF OBLIGATIONS

ALLOCATIONS

Mr. Aderholt: Please provide a chart showing the final allocation for fiscal year 2012 thru 2014 and estimated allocation for fiscal year 2015 for conservation technical assistance and financial assistance for all discretionary and mandatory conservation programs managed by NRCS.

Response: The information is submitted for the record.

[The information follows:]

CONSERVATION PROGRAMS ALLOCATIONS - TECHNICAL/FINANCIAL ASSISTANCE

Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

Discretionary Programs	FA (2012)	TA (2012)	Total (2012)	FA (2013)	TA (2013)	Total (2013)
Conservation Delivery Service Initiative (CDSI)	-	-	-	-	5,115,458	5,115,458
Conservation Technical Assistance (CTA)	-	721,870,500	721,870,500	-	666,148,551	666,148,551
Soil	-	79,098,670	79,098,670	-	73,801,903	73,801,903
Snow	-	9,300,000	9,300,000	-	8,552,882	8,552,882
Plants Material Center	-	9,400,000	9,400,000	-	8,662,501	8,662,501
Emergency Watershed Protection - General, EWP (15)	22,483,967	7,146,703	29,630,670	10,633,809	2,165,759	12,799,568
Emergency Watershed Protection - General, EWP (16)	3,727,317	723,803	4,451,120	-	-	-
Emergency Watershed Protection - Hurricanes, EWP (17)	23,279,622	3,730,813	27,010,435	-	-	-
Emergency Watershed Protection - KS and TX, EWP (31)	500,000	59,000	559,000	-	-	-
Emergency Watershed Protection - TX Fires, EWP (34)	350,000	40,000	390,000	-	-	-
Emergency Watershed Protection - General, EWP (62)	176,941,064	19,590,259	196,531,323	38,413,491	3,942,231	42,355,722
Emergency Watershed Protection - General, EWP (63)	-	-	-	4,972,789	1,435,535	6,408,324
WATER BANK PROGRAM	-	164,000	164,000	-	-	-
WATERSHED - Flood Prevention Operations	10,739,000	1,133,844	11,872,844	-	-	-
WATERSHED - Small Watershed Operations	10,319,590	2,518,237	12,837,827	-	-	-
WATERSHED REHABILITATION	9,319,916	9,691,648	19,011,564	9,078,940	4,465,904	13,544,844
TOTAL	257,660,476	864,467,477	1,122,127,953	63,099,029	774,290,724	837,389,753

Discretionary Programs	FA (2014)	TA (2014)	Total (2014)	FA (2015)	TA (2015)	Total (2015)
Conservation Delivery Service Initiative (CDSI)	-	5,172,675	5,172,675	-	2,672,277	2,672,277
Conservation Technical Assistance (CTA)	-	667,631,298	667,631,298	-	536,579,244	536,579,244
Soil	-	78,424,284	78,424,284	-	57,275,107	57,275,107
Snow	-	9,291,864	9,291,864	-	5,711,280	5,711,280
Plants Material Center	-	8,777,155	8,777,155	-	6,484,615	6,484,615
Emergency Watershed Protection - General, EWP (15)	3,582,351	1,565,563	5,147,916	943,801	97,389	1,041,190
Emergency Watershed Protection - General, EWP (16)	1,867,199	371,413	2,238,612	261,087	-3,229	257,858
Emergency Watershed Protection - Hurricanes, EWP (17)	-231,943	317,496	85,553	140,700	24,900	165,600
Emergency Watershed Protection - KS and TX, EWP (31)	-	-278	-278	-	-	-
Emergency Watershed Protection - TX Fires, EWP (34)	-	-	-	-	-5,000	-5,000
Emergency Watershed Protection - General, EWP (62)	10,490,044	4,290,817	14,780,862	132,771,422	27,460,996	160,232,418
Emergency Watershed Protection - General, EWP (63)	112,821,759	20,433,434	133,255,193	274,994	55,723	330,717
WATER BANK PROGRAM	3,600,000	400,000	4,000,000	3,600,000	400,000	4,000,000
WATERSHED REHABILITATION	7,197,349	4,731,972	11,929,321	-	136,841	136,841
TOTAL	139,326,759	801,407,693	940,734,455	130,792,004	636,090,143	766,882,147

The negatives represent prior year funding that is posted in the current reporting year. EWP is essentially treated as no-year or carry over funds in FMMI. If prior year funding provided to EWP projects could be fully used, the prior year funds are returned.

Mandatory Programs	FA (2012)	TA (2012)	Total (2012)	FA (2013)	TA (2013)	Total (2013)
Agriculture Conservation Easement Program (ACEP)	-	-	-	-	-	-
Agricultural Management Assistance Program (AMA)	1,983,000	517,000	2,500,000	1,972,874	509,821	2,482,695
Agricultural Water Enhancement Program (AWEP)	48,023,999	11,543,076	59,567,075	45,362,539	11,335,153	56,697,692
Chesapeake Bay Watershed Program (CBWI)	43,052,181	8,239,278	51,291,459	41,760,149	7,512,581	49,272,730
Conservation Reserve Program (CRP)	-	62,355,411	62,355,411	-	67,751,661	67,751,661
Conservation Security Program (CSP)	176,672,996	20,219,400	196,892,396	147,530,648	14,020,380	161,551,028
Conservation Stewardship Program (CSTP)	679,900,838	72,921,187	752,822,025	815,536,404	97,394,829	912,931,233
Environmental Quality Incentives Program (EQIP)	913,494,340	374,572,473	1,288,066,813	1,017,425,803	381,891,867	1,399,317,670
Farm & Ranch Lands Protection Program (FRLPP)	131,981,442	6,827,379	138,808,821	128,937,037	8,908,079	137,845,116
Grassland Reserve Program (GRP)	53,548,059	6,154,604	59,702,663	56,977,681	6,326,060	63,303,741
Healthy Forests Reserve Program (HFRP - 9)	8,585,995	1,581,360	10,167,355	7,486,066	1,120,324	8,606,390
Regional Conservation Partnership Program (RCPP)	-	-	-	-	-	-
Small Watershed Rehab Program (SWRP)	-	-	-	-	-	-
Voluntary Public Access Program (VPAP)	-	-	-	-	-	-
Wildlife Habitat Incentives Program (WHIP)	1,815,613	8,610,812	10,426,425	49,117,314	20,001,639	69,118,953
Wetlands Reserve Program (WRP)	523,315,411	67,532,125	590,847,536	395,943,153	71,634,880	467,578,033
TOTAL	2,582,373,874	641,074,105	3,223,447,979	2,708,049,668	688,407,274	3,396,456,942

Mandatory Programs	FA (2014)	TA (2014)	Total (2014)	FA (2015)	TA (2015)	Total (2015)
Agriculture Conservation Easement Program (ACEP)	233,988,772	101,597,259	335,586,031	21,146,972	95,645,789	116,792,761
Agricultural Management Assistance Program (AMA)	5,299,829	1,409,382	6,709,211	3,676,400	958,518	4,634,918
Agricultural Water Enhancement Program (AWEP)	368,734	1,688,435	2,057,168	-	-	-
Chesapeake Bay Watershed Program (CSWI)	4,856	5,514,000	5,518,856	-	-	-
Conservation Reserve Program (CRP)	-	66,447,951	66,447,951	-	46,350,000	46,350,000
Conservation Security Program (CSP)	116,281,777	5,358,877	121,640,654	24,475,696	1,934,445	26,410,141
Conservation Stewardship Program (CSTP)	945,754,854	114,618,161	1,060,373,015	964,563,990	73,714,424	1,038,278,414
Environmental Quality Incentives Program (EQIP)_Farm & Ranch Lands Protection Program (FRPP)	960,430,118	365,477,068	1,325,907,186	839,575,617	288,598,985	1,128,174,602
Grassland Reserve Program (GRP)	165,747	1,812,509	1,978,256	-	-	-
Healthy Forests Reserve Program (HFRP - 99)	361,764	572,284	934,048	-	-	-
Regional Conservation Partnership Program (RCPFP)	-	2,057,000	2,057,000	98,349,772	75,406,612	173,756,384
Small Watershed Rehab Program (SWRP)	226,412,477	21,599,956	248,012,433	12,162,603	68,278,020	80,440,623
Voluntary Public Access Program (VPAP)	19,778,254	542,000	20,320,254	-	-	-
Wildlife Habitat Incentives Program (WHIP)	2,246,493	3,494,622	5,741,115	-	-	-
Wetlands Reserve Program (WRP)	9,807,921	15,229,887	25,037,808	-	-	-
TOTAL	2,520,901,596	708,419,391	3,229,320,986	1,963,951,050	650,886,793	2,614,837,843

## STATE BY STATE ALLOCATIONS

Mr. Aderholt: Please provide a State-by-State summary of the final allocation for fiscal year 2012 thru 2014 and estimated allocation for fiscal year 2015 of conservation technical assistance and financial assistance for all discretionary and mandatory conservation programs managed by NRCS.

Response: The information is submitted for the record.

[The information follows:]

Conservation Delivery Service Initiative (CDSI) Allocations  
 Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)  
 Source: Financial Management Modernization Initiative (FMMI)

State	Technical Assistance (2012)	Technical Assistance (2013)	Technical Assistance (2014)	Technical Assistance (2015)
NHQ/Above State	-	\$5,115,458	\$5,172,675	\$2,672,277
Total	-	5,115,458	5,172,675	2,672,277

Conservation Technical Assistance (CTA) Allocations  
 Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Technical Assistance (2012)	Technical Assistance (2013)	Technical Assistance (2014)	Technical Assistance (2015)
Alabama	\$9,531,845	\$7,473,778	\$6,880,372	\$5,108,676
Alaska	2,850,770	2,888,324	1,921,528	1,429,835
Arizona	6,351,916	5,022,335	3,451,035	2,652,394
Arkansas	9,992,195	8,695,058	7,313,399	5,590,199
California	15,901,843	15,955,525	12,807,340	9,679,450
Colorado	11,925,917	9,893,540	8,284,034	6,150,896
Connecticut	2,558,478	2,767,929	2,151,110	1,597,199
Delaware	1,642,881	1,430,049	1,354,860	1,002,233
Florida	8,555,778	7,453,452	5,012,145	3,831,518
Georgia	11,454,827	6,458,000	8,381,574	6,303,319
Hawaii	6,040,453	5,675,189	5,584,569	3,181,386
Idaho	8,170,444	7,233,266	5,800,376	4,282,535
Illinois	13,950,861	15,548,544	11,972,924	8,159,736
Indiana	10,984,053	9,880,841	9,164,432	5,866,312

State	Technical Assistance (2012)	Technical Assistance (2013)	Technical Assistance (2014)	Technical Assistance (2015)
Iowa	20,598,734	22,063,718	16,895,458	12,537,877
Kansas	17,570,253	16,880,512	13,221,274	9,943,160
Kentucky	11,407,716	10,817,901	8,839,743	6,365,032
Louisiana	8,003,386	9,183,010	6,834,194	5,384,389
Maine	4,250,189	3,585,737	3,004,450	2,230,805
Maryland	4,279,961	3,770,755	3,467,118	2,578,085
Massachusetts	2,886,562	2,525,508	2,069,474	1,536,584
Michigan	9,778,333	9,993,138	7,108,921	5,378,374
Minnesota	13,280,902	9,174,058	9,495,137	7,043,140
Mississippi	12,844,118	12,679,385	10,098,190	7,637,906
Missouri	19,359,772	16,692,894	22,153,601	12,248,866
Montana	13,731,497	11,129,004	9,070,534	6,837,511
Nebraska	15,461,377	14,898,785	11,231,409	8,339,321
Nevada	2,741,278	2,433,671	1,840,243	1,436,381
New Hampshire	2,296,716	2,524,756	2,201,225	1,577,795
New Jersey	3,498,146	3,239,156	2,754,598	2,099,593
New Mexico	8,465,173	5,575,359	5,360,957	4,120,510
New York	7,921,274	8,073,525	6,371,609	4,840,920
North Carolina	8,690,599	7,543,246	6,019,620	4,469,568
North Dakota	11,758,879	11,385,276	9,326,520	7,074,941
Ohio	11,277,424	10,081,646	7,953,590	5,905,541
Oklahoma	14,707,254	13,823,679	10,615,844	7,882,265
Oregon	8,268,372	7,503,295	6,189,369	4,685,606
Pennsylvania	8,972,343	9,132,642	7,059,759	5,241,871
Rhode Island	1,645,912	1,731,583	1,531,550	1,137,176
South Carolina	7,232,261	5,970,874	5,476,273	3,780,192
South Dakota	11,618,131	10,222,385	8,120,984	6,014,831
Tennessee	11,270,072	11,406,582	8,344,778	6,195,998
Texas	37,697,800	29,818,156	25,879,643	19,535,635
Utah	4,876,794	4,755,320	4,149,293	3,080,850
Vermont	3,186,738	2,721,948	2,369,299	1,759,205
Virginia	7,800,666	6,003,629	5,817,538	4,319,522
Washington	9,670,940	9,506,278	7,465,729	5,473,523
West Virginia	6,467,861	5,556,100	4,538,444	3,469,795
Wisconsin	12,097,619	10,677,028	9,599,214	7,148,417
Wyoming	6,762,362	5,828,030	4,435,927	3,293,676
Puerto Rico	3,000,904	2,923,083	2,155,118	1,600,175
NHQ/Above State	236,579,921	227,941,069	298,484,973	267,538,520
Total	721,870,500	666,148,551	667,631,298	536,579,244

Soil Survey (CO-02) Allocations  
 Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Technical Assistance (2012)	Technical Assistance (2013)	Technical Assistance (2014)	Technical Assistance (2015)
Alabama	\$1,399,800	\$263,927	\$425,940	\$108,134
Alaska	1,308,934	419,111	424,765	123,774
Arizona	1,738,188	195,503	485,434	91,564
Arkansas	1,085,570	268,978	153,039	106,454
California	2,420,800	516,709	780,058	95,830
Colorado	1,368,138	285,787	269,608	114,251
Connecticut	511,000	209,060	184,499	117,328
Delaware	140,100	137,784	118,969	113,570
Florida	1,115,400	318,850	192,355	106,454
Georgia	1,161,000	269,397	233,568	106,454
Hawaii	450,668	265,639	192,309	116,146
Idaho	734,600	205,516	186,990	106,454
Illinois	982,000	289,026	268,455	106,454
Indiana	1,073,700	252,470	377,078	106,940
Iowa	917,200	250,773	178,041	106,454
Kansas	1,252,700	287,536	414,093	106,454
Kentucky	1,184,000	246,462	201,618	125,797
Louisiana	698,300	286,165	175,943	106,454
Maine	886,300	252,897	170,629	89,525
Maryland	502,900	239,830	398,396	97,414
Massachusetts	565,100	313,300	366,497	117,328
Michigan	818,600	249,034	186,514	106,454
Minnesota	1,698,800	301,779	591,340	112,796
Mississippi	908,600	244,826	179,273	106,454
Missouri	1,604,474	221,367	225,737	106,454
Montana	2,227,800	370,107	427,134	89,525
Nebraska	1,544,400	408,492	218,190	106,454
Nevada	1,054,100	222,854	220,119	106,454
New Hampshire	128,600	193,341	144,966	116,377
New Jersey	519,400	200,723	192,390	120,032
New Mexico	1,097,500	255,784	242,822	106,454
New York	1,151,068	231,214	168,973	89,525
North Carolina	1,267,100	371,243	438,578	109,700
North Dakota	1,753,700	233,752	225,881	106,454
Ohio	776,900	239,244	198,201	109,252

State	Technical Assistance (2012)	Technical Assistance (2013)	Technical Assistance (2014)	Technical Assistance (2015)
Oklahoma	1,121,800	266,374	209,215	106,454
Oregon	1,555,000	376,264	430,553	112,228
Pennsylvania	648,900	257,682	256,449	106,454
Rhode Island	114,400	164,449	121,909	97,869
South Carolina	678,300	188,968	168,688	106,454
South Dakota	958,100	282,520	213,312	106,454
Tennessee	921,048	291,412	250,742	106,454
Texas	3,662,000	539,582	658,159	89,525
Utah	856,600	348,191	216,935	106,454
Vermont	500,000	197,118	166,992	89,525
Virginia	781,100	249,975	145,737	108,609
Washington	1,007,000	265,203	233,538	106,454
West Virginia	909,900	254,196	271,897	106,454
Wisconsin	1,051,000	276,079	240,208	106,454
Wyoming	958,900	356,215	168,054	89,525
Puerto Rico	262,300	186,021	161,789	106,454
NHQ/Above State	25,064,882	59,783,174	64,651,705	51,861,668
Total	79,098,670	73,801,903	78,424,284	57,275,107

Snow Survey (CO-45) Allocations  
 Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Technical Assistance (2012)	Technical Assistance (2013)	Technical Assistance (2014)	Technical Assistance (2015)
Alaska	\$533,087	\$188,031	\$581,689	\$436,050
Arizona	135,160	3,247	126,873	95,155
California	61,213	4,300	28,939	21,712
Colorado	1,050,072	272,355	1,019,944	961,172
Idaho	867,042	176,116	920,725	690,000
Montana	999,421	532,698	920,518	690,222
Nevada	207,929	-	318,600	165,755
New Mexico	141,553	35,737	161,850	121,388
Oregon	987,264	543,807	1,056,793	827,625
Utah	1,023,568	360,525	1,009,271	785,625
Washington	208,734	41,600	201,813	178,571
Wyoming	202,666	29,222	293,298	170,835
NHQ/Above State	2,882,291	6,365,244	2,651,551	567,170
Total	9,300,000	8,552,882	9,291,864	5,711,280

Plants Material Center (CO-46) Allocations  
 Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Technical Assistance (2012)	Technical Assistance (2013)	Technical Assistance (2014)	Technical Assistance (2015)
Alaska	\$50,000	-	-	\$245,000
Arizona	400,000	\$362,000	\$350,000	213,000
Arkansas	353,000	357,000	359,720	203,000
California	410,900	402,600	320,000	203,000
Colorado	170,000	73,500	-	-
Delaware	336,000	-	-	-
Florida	295,000	367,000	313,691	243,000
Georgia	406,000	199,000	140,000	163,000
Hawaii	-	317,100	350,461	283,000
Idaho	390,000	394,450	420,000	263,000
Kansas	360,000	327,400	330,000	253,000
Louisiana	310,000	330,000	305,000	223,000
Maryland	510,746	452,600	411,682	353,000
Michigan	320,000	353,800	330,000	223,000
Mississippi	265,000	185,900	190,000	243,000
Missouri	330,000	336,500	300,000	358,000
Montana	360,000	350,000	340,000	283,000
Nevada	200,000	184,800	200,000	153,000
New Jersey	365,000	393,275	392,424	323,000
New Mexico	361,000	386,000	383,000	243,000
New York	324,654	320,000	310,000	233,000
North Dakota	410,000	441,000	410,000	343,000
Oregon	355,000	323,500	290,000	193,000
Texas	940,000	995,001	959,737	719,000
Washington	320,000	334,050	320,000	223,000
West Virginia	280,000	279,900	300,000	243,000
Puerto Rico	-	28,000	42,000	-
NHQ/Above State	577,700	168,125	709,440	59,615
Total	9,400,000	8,662,501	8,777,155	6,484,615

Emergency Watershed Protection - General (EWP-15) Allocations  
 Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)  
 Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	-	-	-	-	-	-
Alaska	\$150,000	\$65,827	\$215,827	-	-	-
Arizona	-	9,382	9,382	-	-	-
Arkansas	89,000	17,800	106,800	-	-	-
California	-	-	-	-	-	-
Colorado	-	-	-	\$1,938,682	\$193,868	\$2,132,550
Connecticut	504,500	97,994	602,494	-	-	-
Florida	-	15,000	15,000	-	-	-
Hawaii	158,442	1,790	160,232	-	-	-
Indiana	998,330	190,000	1,188,330	-	-	-
Iowa	112,000	10,000	122,000	-	-	-
Kansas	-	-	-	12,713	2,543	15,256
Kentucky	2,216,850	625,009	2,841,859	434,850	86,970	521,820
Maine	45,000	9,000	54,000	22,500	4,500	27,000
Massachusetts	2,368,225	514,880	2,883,105	-	-	-
Mississippi	575,700	155,140	730,840	271,388	54,277	325,665
Missouri	376,498	352,305	728,803	-	-	-
Montana	2,806,455	703,227	3,509,682	-	-	-
New Hampshire	480,255	96,371	576,626	177,225	35,445	212,670
New Mexico	-	-	-	-	-	-
New York	-	3,000	3,000	-	-	-
North Carolina	500,000	100,000	600,000	-	-	-
North Dakota	1,143,606	316,429	1,460,035	-	-	-

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Ohio	14,000	-	14,000	308,850	30,885	339,735
Pennsylvania	706,245	114,000	820,245	-	-	-
Rhode Island	220,560	31,150	251,710	-	-	-
South Dakota	31,484	-	31,484	-	-	-
Tennessee	3,942,084	1,539,116	5,481,200	467,601	87,271	554,872
Texas	409,901	169,458	579,359	-	-	-
Utah	350,000	912,191	1,262,191	7,000,000	1,670,000	9,670,000
Vermont	1,965,598	392,203	2,357,801	-	-	-
Virginia	49,498	3,572	53,070	-	-	-
West Virginia	2,107,476	240,000	2,347,476	-	-	-
Wisconsin	6,100	-	6,100	-	-	-
Wyoming	156,160	29,800	185,960	-	-	-
NHQ/Above State	-	432,059	432,059	-	-	-
Total	22,483,967	7,146,703	29,630,670	10,633,809	2,165,759	12,799,568

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Alabama	\$148,285	\$34,220	\$182,505	-	-	-
Alaska	85,000	17,000	102,000	-	-	-
Arizona	323,477	36,239	359,716	\$25,000	\$5,000	\$30,000
Arkansas	9,224	-	9,224	-	-	-
California	4,392,545	886,451	5,278,996	817,500	125,100	942,600
Colorado	-	193,800	193,800	-	-	-
Florida	76,280	11,359	87,639	-38,205	-23,947	-62,152
Hawaii	-	-29,111	-29,111	-	-	-
Indiana	301,000	60,200	361,200	75	-	75
Iowa	-303,743	-	-303,743	822	-	822
Kentucky	875,868	210,284	1,086,152	-276,974	-43,264	-320,238

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Massachusetts	-	-	-	-266,620	-43,671	-310,291
Mississippi	-509,826	20,000	-489,826	305,626	53,460	359,086
Missouri	-17,032	-	-17,032	-	-	-
New York	-607,466	-	-607,466	-	-	-
North Dakota	-314,701	-	-314,701	314,701	-	314,701
Ohio	-181,115	-102	-181,216	-	-	-
Pennsylvania	-80,001	-33,451	-113,451	-	-	-
South Dakota	-116,051	-20,000	-136,051	18,300	37,260	55,560
Tennessee	90,103	28,295	118,398	145,275	15,960	161,235
Utah	-220,206	16,359	-203,847	145,631	40,000	185,631
Vermont	-9,000	-157	-9,157	-	-	-
West Virginia	-827,790	7,935	-819,855	34,090	-	34,090
Wyoming	467,500	113,500	581,000	-281,420	-70,528	-351,948
NHQ/Above State	-	12,742	12,742	-	2,019	2,019
Total	3,582,351	1,565,563	5,147,916	943,801	97,389	1,041,190

## Emergency Watershed Protection - General (EWP-16) Allocations

Fiscal Year 2012 Actual (as of September 30, 2012),

Fiscal Year 2013 Actual (as of September 27, 2013),

Fiscal Year 2014 Actual (as of October 20, 2014), and

Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	-	-	-	-	-	-
Alaska	-	\$283,561	\$283,561	-	-	-
Arkansas	-	-	-	-	-	-
California	\$535,830	66,466	602,296	-	-	-
Colorado	-	10,792	10,792	-	-	-
Hawaii	214	7,136	7,350	-	-	-
Kentucky	3,101,750	332,304	3,434,054	-	-	-
Mississippi	-	-	-	-	-	-

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Missouri	-	-	-	-	-	-
North Dakota	-	-	-	-	-	-
South Carolina	-	-	-	-	-	-
South Dakota	1,100	-	1,100	-	-	-
Tennessee	-	-	-	-	-	-
Texas	88,423	23,544	111,967	-	-	-
Wisconsin	-	-	-	-	-	-
Total	3,727,317	723,803	4,451,120	-	-	-

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Alabama	\$3,500	-	\$3,500	-	-	-
Arkansas	300,000	\$60,000	360,000	-	-	-
California	525,000	105,000	630,000	-	-	-
Colorado	940,000	188,000	1,128,000	-	-	-
Hawaii	-40,878	-	-40,878	-	-	-
Kentucky	358,044	64,262	422,306	\$85,000	-	\$85,000
Mississippi	172,615	34,524	207,139	-	-	-
Missouri	-200,000	-40,000	-240,000	-	-	-
North Dakota	-400,000	-79,418	-479,418	-	-	-
South Carolina	72,019	14,404	86,423	-	-	-
Tennessee	136,899	24,641	161,540	-3,975	-3,229	-7,204
Wisconsin	-	-	-	180,062	-	180,062
Total	1,867,199	371,413	2,238,612	261,087	-3,229	257,858

Emergency Watershed Protection - Hurricanes (EWP-17) Allocations  
 Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)  
 Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Connecticut	390,000	39,000	429,000	-	-	-
Florida	6,167,500	1,104,031	7,271,531	-	-	-
Indiana	380,250	38,025	418,275	-	-	-
Kansas	217,035	43,407	260,442	-	-	-
Louisiana	25,282	5,056	30,338	-	-	-
Mississippi	2,072,715	486,845	2,559,560	-	-	-
Missouri	3,000,000	300,000	3,300,000	-	-	-
Nebraska	750,000	75,000	825,000	-	-	-
Nevada	784,350	78,435	862,785	-	-	-
New Hampshire	1,232,850	103,700	1,336,550	-	-	-
New Jersey	555,000	73,500	628,500	-	-	-
New York	1,660,960	181,276	1,842,236	-	-	-
North Dakota	-	-	-	-	-	-
Ohio	60,000	12,000	72,000	-	-	-
Pennsylvania	175,000	35,000	210,000	-	-	-
South Dakota	270,000	54,000	324,000	-	-	-
Tennessee	838,680	86,538	925,218	-	-	-
Texas	1,500,000	375,000	1,875,000	-	-	-
Utah	3,200,000	640,000	3,840,000	-	-	-
Total	23,279,622	3,730,813	27,010,435	-	-	-

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Louisiana	-	\$45,000	\$45,000	-	-	-
Mississippi	\$-1,363,840	-	-1,363,840	\$240,700	\$24,900	\$165,600
Missouri	-112,755	-	-112,755	-	-	-
Nebraska	-30,264	-2,487	-32,751	-	-	-
Utah	1,274,916	274,983	1,549,899	-	-	-
Total	-231,943	317,496	85,553	140,700	24,900	165,600

Emergency Watershed Protection - KS and TX (EMP-31) Allocations

Fiscal Year 2012 Actual (as of September 30, 2012),

Fiscal Year 2013 Actual (as of September 27, 2013),

Fiscal Year 2014 Actual (as of October 20, 2014), and

Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Kansas	-	-	-	-	-	-
Texas	\$500,000	\$59,000	\$559,000	-	-	-
Total	500,000	59,000	559,000	-	-	-

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Kansas	-	\$-278	\$-278	-	-	-
Total	-	-278	-278	-	-	-

## Emergency Watershed Protection - TX Fires (EWP-34) Allocations

Fiscal Year 2012 Actual (as of September 30, 2012),

Fiscal Year 2013 Actual (as of September 27, 2013),

Fiscal Year 2014 Actual (as of October 20, 2014), and

Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Texas	\$350,000	\$40,000	\$390,000	-	-	-
Total	350,000	40,000	390,000	-	-	-
State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Texas	-	-	-	-	-\$5,000	-\$5,000
Total	-	-	-	-	-\$5,000	-\$5,000

## Emergency Watershed Protection - General (EWP-62) Allocations

Fiscal Year 2012 Actual (as of September 30, 2012),

Fiscal Year 2013 Actual (as of September 27, 2013),

Fiscal Year 2014 Actual (as of October 20, 2014), and

Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	\$8,016,376	\$1,553,637	\$9,570,013	-	-	-
Alaska	6,885,000	688,500	7,573,500	-	-	-
Arizona	4,344,750	434,475	4,779,225	-	-	-
Arkansas	4,620,000	384,640	5,004,640	-	-	-
California	200,000	40,000	240,000	-	-	-
Colorado	-	-	-	\$14,609,000	\$1,460,900	\$16,069,900
Florida	416,300	41,625	457,925	6,975,000	743,500	7,718,500
Georgia	163,200	32,640	195,840	-	-	-
Indiana	-	-	-	-	-	-

## Emergency Watershed Protection - General (EWP-62) Allocations

Fiscal Year 2012 Actual (as of September 30, 2012),

Fiscal Year 2013 Actual (as of September 27, 2013),

Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Kentucky	1,425,500	285,100	1,710,600	-	-	-
Louisiana	-	-	-	-	-	-
Maine	100,000	20,000	120,000	-	-	-
Massachusetts	2,000,000	200,000	2,200,000	-	-	-
Minnesota	469,500	58,950	528,450	668,625	66,862	735,487
Mississippi	1,855,098	185,509	2,040,607	4,913,553	491,355	5,404,908
Missouri	29,428,209	2,942,782	32,370,991	-	-	-
Nebraska	189,488	37,898	227,386	-	-	-
New Hampshire	100,000	20,000	120,000	-	-	-
New Jersey	975,000	97,500	1,072,500	-	-	-
New Mexico	-	-	-	-	-	-
New York	31,509,154	3,150,915	34,660,069	9,278,488	927,849	10,206,337
North Dakota	-	-	-	-	-	-
Ohio	2,681,800	228,800	2,910,600	-	-	-
Oklahoma	4,856,928	485,692	5,342,620	-	-	-
Pennsylvania	10,517,500	1,103,500	11,621,000	-	-	-
Rhode Island	5,375,000	537,500	5,912,500	-	-	-
Tennessee	1,974,537	176,825	2,151,362	48,825	9,765	58,590
Texas	5,422,681	542,268	5,964,949	-	-	-
Utah	46,590,668	5,659,066	52,249,734	500,000	100,000	600,000
Vermont	5,324,375	532,437	5,856,812	-	-	-
Virginia	-	-	-	-	-	-
Washington	-	-	-	-	-	-
Wisconsin	-	-	-	-	-	-
Puerto Rico	1,500,000	150,000	1,650,000	1,420,000	142,000	1,562,000
NHQ/Above State	-	-	-	-	-	-
Total	176,941,064	19,590,259	196,531,323	38,413,491	3,942,231	42,355,722

Emergency Watershed Protection - General (EWP-62) Allocations  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Alabama	\$850,617	\$211,167	\$1,061,784	\$4,889,756	\$977,952	\$5,867,708
Alaska	-	15,000	15,000	13,500,000	2,700,000	16,200,000
Arkansas	375,000	75,200	450,200	-	32,000	192,000
California	-	-	-	-	-	-
Colorado	12,796,050	2,855,140	15,651,190	94,684,260	18,901,146	113,585,406
Florida	-310,742	237,798	-72,944	9,403,894	1,914,505	11,318,399
Iowa	-	-	-	2,431,730	498,350	2,930,080
Kentucky	-	-	-	862,398	163,300	1,025,698
Louisiana	-	-	-	-	-	-
Massachusetts	-	-	-	-	-120,690	-120,690
Mississippi	-234,543	513,105	278,562	2,228,070	451,614	2,679,684
Missouri	-383,240	-	-383,240	1,511,900	302,380	1,814,280
New Hampshire	701,850	201,370	903,220	-90,813	-	-90,813
New Mexico	-	-	-	68,206	18,188	86,394
New York	-	-	-	347,045	69,409	416,454
North Dakota	279,166	-	279,166	-202,988	-61,074	-264,062
Oklahoma	-264,302	-56,932	-321,233	2,137,261	445,593	2,582,844
Pennsylvania	-3,838,165	-32,684	-3,870,849	-	-	-
Rhode Island	344,415	19,152	363,567	-	-	-
Tennessee	-	337	337	329,203	54,033	383,236
Utah	-38,106	62,379	24,273	-	-	-
Vermont	-87,956	20,550	-67,406	451,500	90,300	541,800
Washington	300,000	60,000	360,000	-	-	-
Wisconsin	-	100,000	100,000	-	42,000	42,000
NHQ/Above State	-	9,235	9,235	-	982,000	982,000
Total	10,490,044	4,290,817	14,780,862	132,771,422	27,460,956	160,232,418

## Emergency Watershed Protection - General (EWP-63) Allocations

Fiscal Year 2012 Actual (as of September 30, 2012),

Fiscal Year 2013 Actual (as of September 27, 2013),

Fiscal Year 2014 Actual (as of October 20, 2014), and

Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Connecticut	-	-	-	\$598,362	\$119,672	\$718,034
Maryland	-	-	-	250,000	40,000	290,000
Nebraska	-	-	-	-	-	-
New Jersey	-	-	-	2,700,300	320,032	3,020,332
New York	-	-	-	1,389,225	138,922	1,528,147
Rhode Island	-	-	-	34,902	6,909	41,811
NHQ/Above State	-	-	-	-	810,000	810,000
Total	-	-	-	4,972,789	1,435,535	6,408,324

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Connecticut	\$12,096,867	\$2,240,998	\$14,337,865	\$-120,006	\$-47,091	\$-167,097
Maryland	-250,000	-40,000	-290,000	-	-	-
New Jersey	7,776,320	1,502,826	9,279,146	395,000	59,250	454,250
New York	92,334,197	16,221,110	108,555,307	-	-	-
Rhode Island	864,375	172,875	1,037,250	-	-	-
NHQ/Above State	-	335,625	335,625	-	43,564	43,564
Total	112,821,759	20,433,434	133,255,193	274,994	55,723	330,717

Water Bank Program Allocations

Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Minnesota	-	\$36,000	\$36,000	-	-	-
North Dakota	-	92,000	92,000	-	-	-
South Dakota	-	36,000	36,000	-	-	-
Total	-	164,000	164,000	-	-	-

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Minnesota	-	\$14,400	\$14,400	-	-	-
North Dakota	\$2,540,000	263,800	2,803,800	\$2,880,000	\$317,300	\$3,197,300
South Dakota	1,060,000	121,800	1,181,800	720,000	82,700	802,700
Total	3,600,000	400,000	4,000,000	3,600,000	400,000	4,000,000

Watershed - Flood Prevention Operations (WF-03) Allocations

Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Iowa	-	\$100,000	\$100,000	-	-	-
Texas	-	2,000	2,000	-	-	-
West Virginia	\$10,739,000	1,031,844	11,770,844	-	-	-
Total	10,739,000	1,133,844	11,872,844	-	-	-

Watershed - Small Watershed Operations (WF-08) Allocations  
 Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alaska	\$10,324	\$35,000	\$45,324	-	-	-
Arizona	-	170,000	170,000	-	-	-
California	1,492,000	581,489	2,073,489	-	-	-
Hawaii	-	293,767	293,767	-	-	-
Iowa	-	165,000	165,000	-	-	-
Kansas	11,600	2,300	13,900	-	-	-
Kentucky	87,000	27,908	114,908	-	-	-
Minnesota	470,000	47,000	517,000	-	-	-
Missouri	5,084,271	50,000	5,134,271	-	-	-
Nebraska	-	105,672	105,672	-	-	-
Pennsylvania	104,695	86,000	190,695	-	-	-
Texas	20,000	427,524	447,524	-	-	-
Washington	40,000	6,000	46,000	-	-	-
West Virginia	2,999,700	66,727	3,066,427	-	-	-
NHQ/Above State	-	453,850	453,850	-	-	-
Total	10,319,590	2,518,237	12,837,827	-	-	-

Watershed Rehabilitation Allocations  
 Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)  
 Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance 2013	Total (2013)
Arizona	-	1,049,109	1,049,109	7,000,000	371,996	7,371,996
Arkansas	-	-	-	-	20,000	20,000
Connecticut	-	-	-	-	40,000	40,000
Georgia	-	50,000	50,000	-	-	-
Illinois	-	0	0	-	-	-
Indiana	-	0	0	-	-	-
Kansas	600,000	203,000	803,000	-	-	-
Kentucky	-	-	-	-	488,000	488,000
Maine	-	-	-	-	-	-
Massachusetts	335,650	670,900	1,006,550	-	-	-
Mississippi	-	105,000	105,000	-	-	-
Missouri	-	200,000	200,000	-	-	-
Nebraska	-	1,100,000	1,100,000	-	-	-
Nevada	-	0	0	-	-	-
New Mexico	-	225,000	225,000	-	20,000	20,000
New York	-	200,000	200,000	-	217,375	217,375
North Dakota	6,509,266	546,000	7,055,266	-	-	-
Ohio	-	15,000	15,000	-	9,000	9,000
Oklahoma	75,000	880,400	955,400	-	480,000	480,000
Pennsylvania	-	105,000	105,000	-	333,033	333,033
South Carolina	-	-	-	-	-	-
Tennessee	-	-	-	-	404,000	404,000
Texas	-	796,483	796,483	-	286,000	286,000
Utah	-	297,065	297,065	-	998,500	998,500

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance 2013	Total (2013)
Virginia	1,800,000	590,530	2,390,530	2,078,940	195,000	2,273,940
Washington	-	9,470	9,470	-	-	-
West Virginia	-	643,189	643,189	-	350,000	350,000
Wyoming	-	133,500	133,500	-	-	-
NHQ/Above State	-	1,872,002	1,872,002	-	253,000	253,000
Total	9,319,916	9,691,648	19,011,564	9,078,940	4,465,904	13,544,844

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Arizona	\$2,250,000	\$25,000	\$2,275,000	-	-	-
Connecticut	-	80,000	80,000	-	-	-
Indiana	-	-	-	-	-	-
Kentucky	-	313,000	313,000	-	-	-
Maine	-	60,000	60,000	-	-	-
Massachusetts	-	114,632	114,632	-	-	-
Nebraska	-	-	-	-	-	-
Nevada	-	280,000	280,000	-	-	-
New York	-	70,522	70,522	-	-	-
Oklahoma	511,860	795,000	1,306,860	-	-	-
Pennsylvania	264,689	30,311	295,000	-	-	-
Tennessee	-	60,000	60,000	-	-	-
Texas	4,170,800	2,565,200	6,736,000	-	-	-
Virginia	-	300,000	300,000	-	-	-
West Virginia	-	-	-	-	-	-
Wyoming	-	38,307	38,307	-	-	-
NHQ/Above State	-	-	-	-	136,841	136,841
Total	7,197,349	4,731,972	11,929,321	-	136,841	136,841

Agricultural Conservation Easement Program (ACER) Allocations  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Alabama	\$645,776	\$441,520	\$1,087,296	\$39,470	\$329,749	\$369,219
Alaska	811,500	24,676	836,176	3,000	22,807	25,807
Arizona	-	21,672	21,672	-	52,313	52,313
Arkansas	17,307,322	3,839,509	21,146,831	2,573,622	4,482,600	7,056,222
California	17,553,901	3,089,021	20,642,922	1,803,000	3,745,473	5,548,473
Colorado	4,028,321	787,563	4,815,884	59,627	549,896	609,523
Connecticut	3,832,070	394,540	4,226,610	36,000	350,550	386,550
Delaware	3,436,084	332,999	3,769,083	15,000	362,069	377,069
Florida	23,852,492	7,784,473	31,636,965	893,230	6,033,917	6,927,147
Georgia	4,707,996	1,017,933	5,725,929	214,431	1,086,243	1,300,674
Hawaii	1,000	156,285	157,285	-	154,747	154,747
Idaho	3,173,913	289,334	3,463,247	9,000	408,036	417,036
Illinois	1,289,434	587,538	1,876,972	103,200	723,877	827,077
Indiana	3,148,371	550,760	3,699,131	364,111	614,902	979,013
Iowa	11,606,227	2,947,388	14,553,615	1,474,653	1,931,395	3,406,048
Kansas	3,842,715	384,454	4,227,169	261,702	412,553	674,255
Kentucky	8,753,734	1,796,726	10,550,460	478,947	1,787,849	2,266,796
Louisiana	14,204,987	5,347,894	19,552,881	1,675,901	3,624,146	5,300,047
Maine	299,950	73,381	373,331	6,000	72,666	78,666
Maryland	923,523	460,403	1,383,926	71,343	363,028	434,371
Massachusetts	4,091,383	502,034	4,593,417	644,000	487,298	1,131,298
Michigan	2,763,471	566,529	3,330,000	134,574	424,864	559,438
Minnesota	1,189,260	2,184,239	3,373,499	183,633	1,213,911	1,397,544
Mississippi	5,450,730	1,494,918	6,945,648	864,453	1,677,649	2,542,102
Missouri	4,903,233	899,766	5,802,999	878,442	1,240,643	2,119,085
Montana	5,665,724	563,230	6,228,954	279,000	674,411	953,411
Nebraska	3,610,492	1,035,781	4,646,273	909,152	1,105,098	2,014,250
Nevada	4,431,124	935,982	5,367,106	771,000	747,358	1,518,358
New Hampshire	2,905,888	471,688	3,377,576	143,200	551,188	694,388
New Jersey	5,126,918	513,986	5,640,904	97,000	535,603	632,603
New Mexico	-	45,888	45,888	-	51,272	51,272

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
New York	2,309,580	731,964	3,041,544	9,000	517,863	526,863
North Carolina	2,113,216	555,951	2,669,167	1,509,000	615,551	2,124,551
North Dakota	4,156,095	2,121,870	6,277,965	523,045	1,336,985	1,860,030
Ohio	7,603,214	1,202,414	8,805,628	355,526	1,637,033	1,992,559
Oklahoma	1,039,083	397,370	1,436,453	464,750	378,654	843,404
Oregon	620,596	905,091	1,525,687	297,180	632,932	930,112
Pennsylvania	3,994,512	1,180,744	5,175,256	458,202	885,534	1,343,736
Rhode Island	374,550	89,286	463,836	3,000	81,079	84,079
South Carolina	1,967,620	255,906	2,223,526	83,000	382,968	465,968
South Dakota	6,095,496	1,901,953	7,997,449	300,788	1,920,345	2,221,133
Tennessee	2,487,287	2,015,641	4,502,928	247,389	1,230,440	1,477,829
Texas	9,430,585	1,770,212	11,200,797	746,500	1,853,589	2,600,089
Utah	5,317,331	322,182	5,639,513	293,000	339,576	632,576
Vermont	3,674,862	444,045	4,118,907	282,000	415,043	697,043
Virginia	851,265	211,699	1,062,964	15,000	278,348	293,348
Washington	1,402,606	184,399	1,587,005	149,112	205,660	354,772
West Virginia	1,900,681	264,457	2,165,138	6,000	193,026	199,026
Wisconsin	2,878,254	722,264	3,600,518	411,789	737,181	1,148,970
Wyoming	1,504,400	123,395	1,627,795	6,000	162,861	168,861
Puerto Rico	-	4,004	4,004	-	-	-
NHQ/Above State	10,710,000	46,650,302	57,360,302	-	46,023,010	46,023,010
Total	233,988,772	101,597,259	335,586,031	21,146,972	95,645,789	116,792,761

Agricultural Management Assistance (AMA) Allocations  
 Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Connecticut	\$99,896	\$17,835	\$117,731	\$94,000	\$9,385	\$103,385
Delaware	70,833	13,187	84,020	62,642	9,200	71,842
Hawaii	110,287	15,371	125,658	40,130	45,056	85,186
Maine	294,323	35,610	329,933	456,600	52,468	509,068
Maryland	83,333	24,349	107,682	63,700	38,135	101,835
Massachusetts	130,806	21,833	152,639	56,713	17,929	74,642
Nevada	66,667	16,417	83,084	60,675	7,767	68,442
New Hampshire	104,367	17,164	121,531	97,000	10,500	107,500
New Jersey	139,564	28,408	167,972	134,800	63,120	197,920
New York	157,180	60,480	217,660	169,000	45,800	214,800
Pennsylvania	168,051	61,049	229,100	279,400	55,600	335,000
Rhode Island	20,507	4,134	24,641	37,400	11,300	48,700
Utah	167,355	35,691	203,046	-	17,385	17,385
Vermont	97,670	33,480	131,150	94,745	20,726	115,471
West Virginia	136,080	36,089	172,169	183,569	35,550	219,119
Wyoming	136,081	50,404	186,485	142,500	69,900	212,400
NHQ/Above State	-	45,499	45,499	-	-	-
Total	1,983,000	517,000	2,500,000	1,972,874	509,821	2,482,695

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Connecticut	\$168,071	\$69,897	\$237,968	\$74,300	\$42,885	\$117,185
Delaware	15,629	7,320	22,949	14,000	3,774	17,774
Hawaii	269,246	53,403	322,649	206,800	59,978	266,778
Maine	1,154,264	266,579	1,420,843	1,007,600	160,538	1,168,138
Maryland	149,153	24,049	173,602	133,600	30,046	163,646
Massachusetts	92,745	26,841	119,586	117,400	17,999	135,399
Nevada	754,572	193,870	948,442	151,300	31,561	182,861
New Hampshire	10,058	6,972	17,030	67,600	17,521	85,121
New Jersey	185,993	41,479	227,472	247,600	55,129	302,729
New York	451,316	77,880	529,196	357,700	76,549	434,249
Pennsylvania	1,080,930	265,361	1,346,191	361,600	74,868	436,468
Rhode Island	117,720	25,847	143,567	92,200	22,000	114,200
Utah	290,917	58,090	349,007	222,100	48,941	271,041
Vermont	62,948	20,224	83,172	112,600	37,744	150,344
West Virginia	234,814	63,283	298,097	247,400	126,711	374,111
Wyoming	261,053	99,461	360,514	262,600	80,394	342,994
NHQ/Above State	-	108,926	108,926	-	71,860	71,860
Total	5,299,829	1,409,382	6,709,211	3,676,400	958,518	4,634,918

Agricultural Water Enhancement Program (AWEP) Allocations  
 Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)  
 Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	\$996,843	\$170,142	\$1,166,985	\$1,025,217	\$223,010	\$1,248,227
Arkansas	830,703	205,076	1,035,779	855,014	351,315	1,206,329
California	12,254,981	1,896,437	14,151,418	11,216,345	1,651,963	12,868,308
Colorado	813,476	192,382	1,005,858	664,705	92,881	757,586
Delaware	-	-	-	-	9,000	9,000

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Florida	-	112,575	112,575	-	114,765	114,765
Georgia	1,336,289	422,927	1,759,216	1,282,521	751,101	2,033,622
Idaho	4,977,127	631,876	5,609,003	4,877,158	511,891	5,389,049
Illinois	74,969	42,712	117,681	40,309	63,476	103,785
Indiana	1,188,687	223,039	1,411,726	837,882	142,956	980,838
Iowa	99,030	66,405	165,435	84,196	58,807	143,003
Kansas	3,819,398	532,739	4,352,137	2,689,143	363,176	3,052,319
Louisiana	-	-	-	-	25,000	25,000
Michigan	2,616,763	101,952	2,718,715	1,795,141	183,043	1,978,184
Minnesota	1,825,859	249,647	2,075,506	3,453,140	239,591	3,692,731
Mississippi	2,118,292	354,752	2,473,044	2,179,585	415,801	2,595,386
Montana	416,844	81,584	498,428	857,251	158,631	1,015,882
Nebraska	1,246,054	460,533	1,706,587	3,708,103	412,809	4,120,912
Nevada	-	-	-	-	17,750	17,750
New Jersey	249,211	50,360	299,571	194,352	58,948	253,300
New Mexico	62,303	82,002	144,305	63,576	119,821	183,397
New York	398,737	71,109	469,846	-	81,319	81,319
North Carolina	31,151	39,809	70,960	-	8,627	8,627
North Dakota	2,084,860	457,396	2,542,256	2,261,537	240,585	2,502,122
Oklahoma	666,951	129,147	796,098	465,602	231,107	696,709
Oregon	2,036,555	342,788	2,379,343	1,593,618	319,236	2,012,854
South Dakota	365,171	86,870	452,041	56,103	71,308	127,411
Texas	5,747,426	689,049	6,436,475	4,617,475	805,575	5,423,050
Washington	917,859	134,874	1,052,733	102,122	90,639	192,761
Wyoming	848,450	104,482	952,942	342,444	133,423	475,867
NHQ/Above State	-	3,610,412	3,610,412	-	3,387,599	3,387,599
Total	48,023,999	11,543,076	59,567,075	45,362,539	11,335,153	56,697,692

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Alabama	-	\$26,319	\$26,319	-	-	-
Arkansas	-	99,095	99,095	-	-	-
California	-	368,175	368,175	-	-	-
Colorado	-	3,212	3,212	-	-	-
Delaware	-	-	-	-	-	-
Florida	-	5,658	5,658	-	-	-
Georgia	-	58,053	58,053	-	-	-
Idaho	-	160,830	160,830	-	-	-
Illinois	-	612	612	-	-	-
Indiana	\$301,303	65,581	366,884	-	-	-
Iowa	-	284	284	-	-	-
Kansas	-	80,108	80,108	-	-	-
Louisiana	-	-	-	-	-	-
Michigan	-	86,762	86,762	-	-	-
Minnesota	-	39,830	39,830	-	-	-
Mississippi	-	170,333	170,333	-	-	-
Montana	-	22,823	22,823	-	-	-
Nebraska	-	87,975	87,975	-	-	-
Nevada	-	-	-	-	-	-
New Jersey	-	12,412	12,412	-	-	-
New Mexico	-	6,185	6,185	-	-	-
New York	-	25,484	25,484	-	-	-
North Carolina	-	-	-	-	-	-
North Dakota	67,431	11,599	79,030	-	-	-
Oklahoma	-	38,296	38,296	-	-	-
Oregon	-	76,700	76,700	-	-	-
South Dakota	-	2,175	2,175	-	-	-
Texas	-	83,134	83,134	-	-	-
Washington	-	5,540	5,540	-	-	-
Wyoming	-	37,391	37,391	-	-	-
NHQ/Above State	-	113,869	113,869	-	-	-
Total	368,734	1,686,435	2,057,168	-	-	-

## Chesapeake Bay Watershed Initiative (CBWI) Allocations

Fiscal Year 2012 Actual (as of September 30, 2012),

Fiscal Year 2013 Actual (as of September 27, 2013),

Fiscal Year 2014 Actual (as of October 20, 2014), and

Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Delaware	\$1,657,325	\$266,813	\$1,924,138	\$975,326	\$143,018	\$1,118,344
Maryland	7,638,196	1,010,692	8,648,888	10,540,403	1,577,077	12,117,480
Massachusetts	-	-	-	-	-	-
New York	2,478,008	258,125	2,736,133	4,927,420	577,551	5,504,971
Pennsylvania	15,129,896	2,448,982	17,578,878	9,400,000	1,083,491	10,483,491
Virginia	12,496,311	1,568,693	14,065,004	8,817,000	1,364,305	10,181,305
West Virginia	3,652,445	383,222	4,035,667	7,100,000	990,574	8,090,574
NHQ/Above State	-	2,302,751	2,302,751	-	1,776,565	1,776,565
Total	43,052,181	8,239,278	51,291,459	41,760,149	7,512,581	49,272,730

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Delaware	-	\$145,100	\$145,100	-	-	-
Maryland	-	1,490,604	1,490,604	-	-	-
Massachusetts	-	-	-	-	-	-
New York	-	528,700	528,700	-	-	-
Pennsylvania	\$4,856	1,368,000	1,372,856	-	-	-
Virginia	-	1,255,400	1,255,400	-	-	-
West Virginia	-	695,600	695,600	-	-	-
NHQ/Above State	-	30,596	30,596	-	-	-
Total	4,856	5,514,000	5,518,856	-	-	-

Conservation Reserve Program (CRP) Allocations  
 Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)  
 Source: Financial Management Modernization Initiative (FMMI)

State	Technical Assistance (2012)	Total (2012)	Technical Assistance (2013)	Total (2013)	Technical Assistance (2014)	Total (2014)	Technical Assistance (2015)	Total (2015)
Alabama	\$502,062	\$502,062	\$1,315,901	\$1,315,901	\$488,152	\$488,152	\$242,121	\$242,121
Alaska	2,487	2,487	21,247	21,247	15,189	15,189	580	580
Arkansas	509,099	509,099	568,296	568,296	413,192	413,192	567,002	567,002
California	324,923	324,923	72,164	72,164	13,260	13,260	56,446	56,446
Colorado	1,227,438	1,227,438	2,057,566	2,057,566	674,808	674,808	402,710	402,710
Connecticut	15,900	15,900	8,396	8,396	1,189	1,189	888	888
Delaware	75,690	75,690	43,678	43,678	16,889	16,889	20,750	20,750
Florida	296,705	296,705	127,161	127,161	83,198	83,198	175,691	175,691
Georgia	652,181	652,181	723,217	723,217	482,605	482,605	764,213	764,213
Hawaii	189,483	189,483	54,235	54,235	6,753	6,753	4,937	4,937
Idaho	481,685	481,685	831,467	831,467	587,657	587,657	286,186	286,186
Illinois	8,520,075	8,520,075	5,543,584	5,543,584	6,251,673	6,251,673	6,135,258	6,135,258
Indiana	4,693,332	4,693,332	5,114,428	5,114,428	3,732,652	3,732,652	4,105,067	4,105,067
Iowa	5,688,168	5,688,168	5,723,372	5,723,372	9,324,626	9,324,626	6,483,751	6,483,751
Kansas	4,179,180	4,179,180	2,591,655	2,591,655	2,203,823	2,203,823	1,500,720	1,500,720
Kentucky	2,061,913	2,061,913	2,004,046	2,004,046	1,473,508	1,473,508	823,357	823,357
Louisiana	307,731	307,731	149,803	149,803	328,886	328,886	189,889	189,889
Maine	121,557	121,557	85,406	85,406	10,235	10,235	21,227	21,227
Maryland	844,369	844,369	722,851	722,851	567,425	567,425	485,458	485,458
Michigan	3,379	3,379	643,058	643,058	675,814	675,814	394,323	394,323
Minnesota	619,885	619,885	5,940,978	5,940,978	4,851,878	4,851,878	4,598,337	4,598,337
Mississippi	5,506,148	5,506,148	1,644,016	1,644,016	2,427,405	2,427,405	849,591	849,591
Missouri	956,275	956,275	6,388,477	6,388,477	1,617,310	1,617,310	1,248,151	1,248,151

State	Technical Assistance (2012)	Total (2012)	Technical Assistance (2013)	Total (2013)	Technical Assistance (2014)	Total (2014)	Technical Assistance (2015)	Total (2015)
Montana	2,756,098	2,756,098	1,093,329	1,093,329	238,230	238,230	234,617	234,617
Nebraska	623,953	623,953	1,940,957	1,940,957	2,220,825	2,220,825	1,595,419	1,595,419
Nevada	1,956,036	1,956,036	601	601	909	909	-	-
New Jersey	160	160	108,480	108,480	58,158	58,158	42,759	42,759
New Mexico	141	141	337,050	337,050	256,744	256,744	381,237	381,237
New York	96,298	96,298	169,043	169,043	182,777	182,777	182,993	182,993
North Carolina	192,247	192,247	590,060	590,060	581,576	581,576	420,210	420,210
North Dakota	323,231	323,231	2,397,972	2,397,972	1,499,516	1,499,516	2,049,690	2,049,690
Ohio	513,072	513,072	3,494,259	3,494,259	5,409,321	5,409,321	2,269,418	2,269,418
Oklahoma	2,388,972	2,388,972	1,203,245	1,203,245	519,433	519,433	99,325	99,325
Oregon	3,286,414	3,286,414	634,235	634,235	484,217	484,217	431,211	431,211
Pennsylvania	804,515	804,515	1,184,534	1,184,534	2,358,172	2,358,172	514,050	514,050
Rhode Island	452,087	452,087	0	0	1,000	1,000	170	170
South Carolina	1,061,002	1,061,002	541,216	541,216	662,962	662,962	315,680	315,680
South Dakota	797,966	797,966	2,216,040	2,216,040	3,926,212	3,926,212	1,693,586	1,693,586
Tennessee	2,937,172	2,937,172	625,145	625,145	368,529	368,529	211,625	211,625
Texas	613,409	613,409	3,047,684	3,047,684	2,737,553	2,737,553	1,231,898	1,231,898
Utah	1,820,319	1,820,319	117,100	117,100	50,989	50,989	165,813	165,813
Vermont	162,350	162,350	60,511	60,511	21,038	21,038	30,512	30,512
Virginia	79,201	79,201	847,636	847,636	344,396	344,396	597,590	597,590
Washington	626,531	626,531	991,535	991,535	324,554	324,554	718,342	718,342
West Virginia	1,183,693	1,183,693	42,174	42,174	73,230	73,230	42,400	42,400
Wisconsin	153,108	153,108	2,072,350	2,072,350	1,301,617	1,301,617	664,826	664,826
Wyoming	1,549,162	1,549,162	539,361	539,361	176,498	176,498	85,955	85,955
Puerto Rico	191,374	191,374	311,000	311,000	880	880	-	-
NHQ/Above State	7,235	7,235	811,143	811,143	6,400,488	6,400,488	3,014,021	3,014,021
Total	62,355,411	62,355,411	67,751,661	67,751,661	66,447,951	66,447,951	46,350,000	46,350,000

Conservation Security Program (CSP) Allocations  
 Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)  
 Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	\$1,130,433	\$113,341	\$1,243,774	\$1,029,050	\$152,400	\$1,181,450
Alaska	15,878	3,149	19,027	15,445	33,859	49,304
Arizona	163,683	12,862	176,545	146,056	13,991	160,047
Arkansas	5,536,695	529,682	6,066,377	3,581,695	366,194	3,947,889
California	3,311,368	365,019	3,676,387	2,416,280	226,126	2,642,406
Colorado	2,541,972	202,183	2,744,155	2,018,840	250,014	2,268,854
Connecticut	30,547	9,269	39,816	15,338	9,814	25,152
Delaware	367,683	38,880	406,563	232,026	21,630	253,656
Florida	-	-	-	-	-	-
Georgia	2,225,079	198,339	2,423,418	1,733,342	372,508	2,105,850
Hawaii	302,569	66,979	369,548	135,871	28,639	164,510
Idaho	10,652,787	594,676	11,247,463	9,228,523	376,045	9,604,568
Illinois	6,725,515	482,960	7,208,475	6,200,467	548,955	6,749,422
Indiana	5,685,114	290,984	5,976,098	5,378,761	198,053	5,576,814
Iowa	17,424,183	913,521	18,337,704	15,862,143	559,362	16,421,505
Kansas	6,174,340	446,551	6,620,891	5,362,996	336,554	5,699,550
Kentucky	249,799	77,514	327,313	76,925	55,394	132,319
Louisiana	156,845	61,107	217,952	104,216	36,862	141,078
Maine	537,018	62,565	599,583	82,452	18,284	100,736
Maryland	1,899,627	267,098	2,166,725	1,124,399	136,832	1,261,231
Massachusetts	24,064	6,455	30,519	2,498	7,523	10,021
Michigan	4,860,328	198,274	5,058,602	3,671,589	146,033	3,817,622
Minnesota	4,632,415	377,448	5,009,863	4,296,104	297,386	4,593,490
Mississippi	182,659	89,285	271,944	163,632	64,663	228,295

State	Financial Assistance (2012)	Technical Assistance (2012)	Total Assistance (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total Assistance (2013)
Missouri	21,663,864	1,232,653	22,896,517	20,423,614	663,492	21,087,106
Montana	8,125,111	451,937	8,577,048	7,190,877	404,223	7,595,100
Nebraska	7,956,914	703,652	8,660,566	5,425,495	465,977	5,891,472
Nevada	190,819	34,140	224,959	145,224	8,866	154,090
New Hampshire	1,920	1,360	3,280	-	1,467	1,467
New Jersey	85,854	28,840	114,694	88,599	8,943	97,542
New Mexico	964,583	106,371	1,070,954	795,154	100,706	895,860
New York	635,597	141,483	777,080	381,633	77,347	458,980
North Carolina	648,403	104,124	752,527	600,034	38,575	638,609
North Dakota	6,493,973	457,657	6,951,630	4,957,412	340,156	4,537,568
Ohio	11,920,255	813,901	12,734,156	10,291,927	762,170	11,054,097
Oklahoma	3,244,359	438,308	3,682,667	1,874,958	277,352	2,152,310
Oregon	19,487,708	1,012,065	20,499,773	18,646,049	773,244	19,419,293
Pennsylvania	1,105,598	137,576	1,243,174	375,758	141,368	517,136
Rhode Island	13,744	4,365	18,109	4,627	2,634	7,261
South Carolina	1,704,848	215,110	1,919,958	1,167,452	137,142	1,304,594
South Dakota	2,207,320	144,257	2,351,577	576,520	91,695	668,215
Tennessee	732,908	106,352	839,260	199,798	45,963	245,761
Texas	990,609	138,877	1,129,486	930,531	107,100	1,037,631
Utah	2,161,114	143,735	2,304,849	1,823,555	57,076	1,980,631
Vermont	46,285	5,955	52,240	9,813	6,113	15,926
Virginia	662,871	125,276	788,147	167,121	49,511	216,632
Washington	5,081,525	309,320	5,390,845	4,681,726	152,648	4,834,374
West Virginia	200,622	93,047	293,669	149,972	37,993	187,965
Wisconsin	3,748,694	397,313	4,146,007	3,169,181	365,171	3,534,352
Wyoming	1,721,860	149,184	1,871,044	1,171,014	152,026	1,323,040
Puerto Rico	45,037	9,355	54,392	3,946	-	3,946
NHO/Above State	-	7,305,046	7,305,046	-	4,494,301	4,494,301
Total	176,672,996	20,219,400	196,892,396	147,530,648	14,020,380	161,551,028

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Alabama	\$1,012,593	\$35,751	\$1,048,344	\$511,954	\$12,513	\$524,467
Alaska	16,000	1,882	17,882	12,172	859	12,831
Arizona	147,000	73,383	220,383	28,815	29,334	58,149
Arkansas	2,377,867	240,847	2,618,714	212,092	84,297	296,389
California	2,222,048	104,430	2,326,478	234,216	36,551	270,767
Colorado	1,938,312	149,588	2,087,900	989,309	52,356	1,041,665
Connecticut	12,843	2,822	15,665	11,955	988	12,953
Delaware	228,000	12,230	240,230	126,218	4,281	130,499
Florida	-	-	-	-	-	-
Georgia	1,107,000	41,396	1,148,396	225,343	14,489	239,832
Hawaii	133,805	5,043	138,848	87,284	1,765	89,049
Idaho	8,707,729	201,333	8,909,062	3,587,137	70,466	3,657,603
Illinois	2,189,514	119,483	2,308,997	243,894	41,819	285,713
Indiana	3,194,988	129,831	3,324,819	204,816	45,441	250,257
Iowa	13,421,077	342,434	13,763,531	599,096	125,760	724,856
Kansas	4,585,753	205,096	4,790,849	126,505	80,284	206,789
Kentucky	75,000	13,171	88,171	42,691	4,610	47,301
Louisiana	104,991	5,645	110,636	12,941	1,975	14,916
Maine	83,000	7,526	90,526	79,925	2,635	82,560
Maryland	1,089,435	78,087	1,167,522	504,123	27,331	531,454
Massachusetts	3,000	1,000	4,000	2,498	350	2,848
Michigan	2,742,962	137,358	2,880,320	739,482	48,076	787,558
Minnesota	3,619,763	78,087	3,697,850	119,702	27,033	147,033
Mississippi	163,750	16,780	180,530	124,711	5,873	130,584
Missouri	17,444,714	356,566	17,801,280	1,532,040	124,799	1,656,839
Montana	6,294,700	301,058	6,595,758	811,093	105,371	916,464
Nebraska	4,724,325	310,466	5,034,791	3,145,218	108,664	3,253,882
Nevada	135,000	10,349	145,349	11,282	3,622	14,904
New Hampshire	-	-	-	-	-	-
New Jersey	77,680	4,704	82,384	68,399	1,646	70,045
New Mexico	452,000	149,588	601,588	-	-	14,959
New York	64,000	5,645	69,645	19,584	1,975	21,559
North Carolina	589,000	12,230	601,230	10,179	4,281	14,460

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
North Dakota	4,167,700	172,168	4,339,868	1,407,175	60,259	1,467,434
Ohio	6,571,968	253,077	6,825,045	2,203,324	88,577	2,291,901
Oklahoma	1,140,096	143,003	1,283,099	1,039,215	50,051	1,089,266
Oregon	14,034,520	416,778	14,451,298	1,718,983	166,712	1,885,695
Pennsylvania	180,000	28,224	208,224	86,146	9,878	96,024
Rhode Island	5,000	1,000	6,000	2,650	350	3,000
South Carolina	884,000	47,981	931,981	437,346	16,793	454,139
South Dakota	565,448	31,047	596,495	444,009	10,867	454,876
Tennessee	200,000	18,171	218,171	129,866	6,360	136,226
Texas	823,000	79,028	902,028	151,791	27,660	179,451
Utah	1,224,000	68,679	1,932,679	1,121,972	24,038	1,146,010
Vermont	10,000	1,000	11,000	9,044	350	9,394
Virginia	167,589	16,935	184,524	9,916	5,928	15,844
Washington	3,946,255	103,489	4,049,744	290,566	36,221	326,787
West Virginia	148,000	15,994	163,994	132,266	5,599	137,865
Wisconsin	1,406,295	87,495	1,493,790	427,760	30,624	458,384
Wyoming	1,147,057	170,286	1,317,343	438,983	59,601	498,584
Puerto Rico	3,000	-	3,000	-	-	-
NHQ/Above State	-	550,593	550,593	-	250,076	250,076
Total	116,281,777	5,358,877	121,640,654	24,475,696	1,934,445	26,410,141

Conservation Stewardship Program (CSTP) Allocations  
 Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	\$6,214,355	\$786,691	\$7,001,046	\$6,601,333	\$1,091,162	\$7,692,495
Alaska	1,456,706	203,328	1,660,034	1,475,193	194,877	1,670,070
Arizona	7,577,849	536,429	8,114,278	7,027,993	375,392	7,403,385
Arkansas	39,502,551	1,971,324	41,473,875	60,363,233	4,133,370	64,496,603
California	8,116,245	911,584	9,027,829	8,064,573	947,375	9,011,948
Colorado	22,987,738	2,039,291	25,027,029	25,459,209	2,635,255	28,094,464
Connecticut	253,467	38,330	291,797	220,561	100,407	320,968
Delaware	891,738	88,771	980,509	1,180,135	96,482	1,276,617
Florida	2,454,701	533,910	2,988,611	2,808,943	554,941	3,363,884
Georgia	30,078,161	1,539,188	31,617,349	31,110,197	3,816,226	34,926,423
Hawaii	133,422	109,872	243,294	126,163	218,859	345,022
Idaho	6,325,525	474,242	6,799,767	6,533,339	489,395	7,022,734
Illinois	17,759,981	1,311,809	19,071,790	21,002,344	2,026,152	23,028,496
Indiana	6,968,320	693,703	7,662,023	7,915,349	672,368	8,587,717
Iowa	39,521,177	3,353,985	42,875,162	42,952,361	3,204,420	46,156,781
Kansas	38,539,495	2,479,080	41,018,575	47,216,610	2,338,655	49,555,265
Kentucky	2,698,733	561,430	3,260,163	3,401,769	573,675	3,975,444
Louisiana	18,823,380	1,160,754	19,984,134	21,935,422	1,702,400	23,637,822
Maine	689,860	162,142	852,002	703,176	140,244	843,420
Maryland	1,164,770	153,112	1,317,882	1,137,211	127,802	1,265,013
Massachusetts	79,010	93,716	172,726	70,917	113,567	184,484
Michigan	7,311,573	917,936	8,229,509	8,266,969	1,584,441	9,851,410
Minnesota	57,405,291	3,188,671	60,593,962	68,373,829	5,230,894	73,604,723
Mississippi	17,321,450	777,275	18,098,725	21,682,789	949,044	22,631,833

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Missouri	27,306,079	2,633,419	29,939,498	28,765,033	3,569,403	32,334,436
Montana	30,438,995	2,513,630	32,952,625	36,107,035	3,124,040	39,231,075
Nebraska	41,045,006	3,512,245	44,557,251	50,947,852	3,374,078	54,321,930
Nevada	798,692	146,634	945,326	1,082,191	130,678	1,212,869
New Hampshire	489,248	137,198	626,446	157,026	122,750	279,776
New Jersey	272,984	69,791	342,775	289,935	89,819	379,754
New Mexico	14,855,205	2,654,270	17,509,475	19,601,073	2,839,210	22,440,283
New York	4,541,282	394,129	4,935,411	5,373,033	540,622	5,913,655
North Carolina	2,717,004	366,636	3,083,640	3,095,736	535,470	3,631,206
North Dakota	47,191,858	2,849,548	50,041,406	58,586,926	2,522,727	61,109,653
Ohio	4,058,781	502,765	4,561,546	5,273,470	794,498	6,067,968
Oklahoma	36,135,372	2,806,285	38,941,657	47,195,912	3,067,775	50,263,687
Oregon	13,606,096	1,046,511	14,652,607	14,932,475	1,049,566	15,982,041
Pennsylvania	5,673,971	684,454	6,358,425	6,833,460	850,480	7,683,940
Rhode Island	77,303	33,435	110,738	63,286	110,623	173,909
South Carolina	5,142,588	766,748	5,909,336	5,329,067	612,249	5,941,316
South Dakota	36,029,408	2,709,311	38,738,719	47,085,527	3,531,253	50,616,780
Tennessee	3,657,954	551,037	4,208,991	4,493,147	691,517	5,184,664
Texas	25,574,938	3,294,168	28,869,106	31,051,029	4,923,659	35,974,688
Utah	3,471,246	510,344	3,981,590	4,455,184	557,003	5,012,187
Vermont	37,413	65,704	103,117	48,103	80,162	128,265
Virginia	5,522,154	509,689	6,031,843	6,313,295	878,213	7,191,508
Washington	14,274,082	864,655	15,138,737	16,658,818	690,861	17,349,679
West Virginia	1,753,211	524,947	2,278,158	1,956,250	392,966	2,349,216
Wisconsin	13,223,483	1,652,188	14,875,671	15,518,644	1,657,466	17,176,110
Wyoming	7,712,409	898,598	8,611,007	8,676,689	1,048,425	9,725,114
Puerto Rico	18,678	63,679	82,357	16,590	77,796	94,386
NHQ/Above State	-	16,072,596	16,072,596	-	26,214,217	26,214,217
Total	679,900,838	72,921,187	752,822,025	815,536,404	97,394,829	912,931,233

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Alabama	\$6,429,847	\$704,384	\$7,134,231	\$5,728,536	\$326,472	\$6,054,998
Alaska	1,750,194	227,471	1,977,665	1,653,996	109,762	1,763,758
Arizona	6,858,611	565,803	7,424,414	6,528,752	258,411	6,787,163
Arkansas	71,543,742	3,046,361	74,590,103	76,858,763	1,453,862	78,312,625
California	8,763,621	764,488	9,528,109	7,435,451	344,020	7,779,481
Colorado	25,100,181	2,100,689	28,200,870	24,306,414	1,020,310	25,326,724
Connecticut	189,742	21,902	211,644	187,346	9,856	197,202
Delaware	1,244,126	80,988	1,325,014	1,254,826	36,400	1,291,226
Florida	3,157,886	294,292	3,452,178	2,830,217	132,431	2,962,648
Georgia	37,686,762	1,963,167	39,649,929	39,218,392	883,426	40,101,818
Hawaii	130,841	52,739	183,580	109,986	23,733	133,719
Idaho	7,742,488	656,385	8,398,873	6,865,792	295,372	7,161,164
Illinois	29,444,301	2,265,127	31,709,428	31,697,703	1,019,308	32,717,011
Indiana	8,868,409	561,790	9,430,199	8,350,888	252,806	8,603,694
Iowa	45,161,071	3,258,971	48,420,042	43,975,029	1,513,837	45,488,866
Kansas	50,131,180	3,033,340	53,164,520	49,776,591	1,485,003	51,261,594
Kentucky	3,439,105	346,264	3,785,369	3,434,159	155,818	3,589,977
Louisiana	28,251,487	1,549,498	29,800,985	31,825,538	758,133	32,583,671
Maine	753,935	125,484	879,419	600,433	56,467	656,900
Maryland	1,117,772	77,611	1,195,383	1,054,143	34,925	1,089,068
Massachusetts	76,588	16,492	93,080	66,973	7,421	74,394
Michigan	8,311,775	814,822	9,126,597	7,623,942	366,670	7,990,612
Minnesota	78,444,923	4,364,583	82,809,506	81,236,455	1,964,062	83,200,517
Mississippi	27,719,168	1,182,839	28,902,007	30,129,967	532,278	30,662,245
Missouri	30,880,506	3,151,949	34,032,455	29,890,205	1,565,877	31,456,082
Montana	46,564,699	3,197,990	49,762,689	38,521,031	1,439,096	39,960,127
Nebraska	57,757,292	4,564,906	62,322,198	57,513,231	2,054,209	59,567,500
Nevada	990,759	103,142	1,093,901	1,089,329	46,414	1,135,743
New Hampshire	165,192	52,801	217,993	243,608	23,760	267,368
New Jersey	281,810	28,663	310,473	289,256	12,898	302,154
New Mexico	24,195,561	3,314,222	27,509,783	25,620,358	1,632,950	27,253,308
New York	6,006,051	478,483	6,484,534	5,473,651	239,247	5,712,898
North Carolina	3,166,080	360,776	3,526,856	3,115,948	162,350	3,278,298

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
North Dakota	68,338,297	3,318,178	71,656,475	71,832,547	1,604,116	73,236,663
Ohio	6,032,998	603,985	6,636,983	5,898,254	271,792	6,170,046
Oklahoma	53,869,184	4,482,108	58,351,292	56,063,784	2,159,949	58,223,733
Oregon	18,796,056	1,705,242	20,501,298	20,196,891	852,621	21,049,512
Pennsylvania	6,758,447	706,807	7,465,254	7,166,439	318,064	7,484,503
Rhode Island	68,209	31,380	99,589	62,612	14,121	76,733
South Carolina	5,411,181	690,367	6,101,548	6,054,331	310,666	6,364,997
South Dakota	62,557,807	4,432,682	66,990,489	73,067,548	1,994,707	75,062,255
Tennessee	5,645,350	688,978	6,334,328	5,552,981	310,041	5,863,022
Texas	34,124,550	3,678,327	37,802,877	33,948,083	1,655,248	35,603,331
Utah	4,931,353	727,940	5,659,293	4,985,557	327,573	5,313,130
Vermont	54,969	12,796	67,765	45,231	6,426	51,657
Virginia	6,424,664	484,192	6,908,856	5,877,437	217,886	6,095,323
Washington	18,708,767	1,008,244	19,717,011	20,617,211	496,117	21,113,328
West Virginia	2,132,231	662,253	2,794,484	2,094,423	298,013	2,392,436
Wisconsin	18,647,213	2,310,399	20,957,612	18,766,611	1,039,680	19,806,291
Wyoming	9,910,873	969,111	10,879,984	8,014,081	436,100	8,450,181
Puerto Rico	17,000	5,380	22,380	13,000	2,421	15,421
NHQ/Above State	-	44,771,470	44,771,470	-	41,181,299	41,181,299
Total	945,754,854	114,618,161	1,060,373,015	964,563,990	73,714,424	1,038,278,414

Environmental Quality Incentive Program (EQIP) Allocations  
 Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	\$13,310,141	\$4,580,932	\$17,891,073	\$14,068,958	\$5,891,629	\$19,960,587
Alaska	7,998,501	2,656,848	10,655,349	2,467,845	2,446,006	4,913,851
Arizona	16,881,481	6,373,941	23,255,422	8,966,130	5,493,906	14,460,036
Arkansas	34,472,538	6,347,883	40,820,421	64,729,268	7,974,405	72,703,673
California	94,984,565	15,433,428	110,417,993	81,730,884	15,296,859	97,027,743
Colorado	31,704,149	11,941,715	43,645,864	32,997,386	11,472,768	44,470,154
Connecticut	4,737,450	2,078,870	6,816,320	3,817,330	2,340,454	6,157,784
Delaware	5,220,648	1,499,140	6,719,788	5,426,761	1,664,910	7,091,671
Florida	22,466,092	6,007,106	28,473,198	10,185,948	6,141,156	16,327,104
Georgia	20,032,242	7,027,985	27,060,227	28,710,626	6,288,106	34,998,732
Hawaii	5,397,774	3,677,105	9,074,879	6,074,374	3,715,673	9,790,047
Idaho	16,625,234	5,183,670	21,808,904	18,477,172	5,045,812	23,522,984
Illinois	12,895,436	4,416,146	17,311,582	12,798,114	4,671,930	17,470,044
Indiana	15,497,071	4,439,994	19,937,065	27,980,703	4,904,338	32,885,041
Iowa	25,243,982	7,720,965	32,964,947	27,910,399	7,599,909	35,510,308
Kansas	20,147,874	7,178,142	27,326,016	35,316,252	7,966,328	43,282,580
Kentucky	13,829,042	5,047,017	18,876,059	12,621,882	5,302,894	17,924,776
Louisiana	22,413,617	5,700,994	28,114,611	19,055,323	6,186,764	25,242,087
Maine	13,643,276	3,103,115	16,746,391	10,274,657	4,113,299	14,387,956
Maryland	7,012,437	2,394,276	9,406,713	7,196,320	2,498,607	9,694,927
Massachusetts	5,106,445	1,984,347	7,090,792	1,848,183	2,041,550	3,889,733
Michigan	16,456,496	4,515,569	20,972,065	14,598,940	4,846,978	19,445,918
Minnesota	24,980,060	8,458,025	33,438,085	24,157,112	10,090,757	34,247,869
Mississippi	23,013,876	5,650,975	28,664,851	37,107,504	5,856,990	42,964,494
Missouri	25,581,352	9,508,179	35,089,531	31,815,685	10,694,131	42,509,816

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Montana	20,403,224	8,634,573	29,037,797	12,828,612	8,441,755	21,270,367
Nebraska	23,293,504	8,012,645	31,306,149	29,924,018	8,230,726	38,154,744
Nevada	6,734,102	2,861,404	9,595,506	7,149,847	2,573,422	9,723,269
New Hampshire	5,446,111	1,944,664	7,390,775	3,854,835	1,848,851	5,703,686
New Jersey	4,847,428	2,090,956	6,938,384	3,906,197	2,041,052	5,947,249
New Mexico	24,493,664	5,627,367	30,121,031	23,912,384	6,912,937	30,825,321
New York	9,926,300	4,127,262	14,053,562	8,833,273	4,810,074	13,643,347
North Carolina	18,202,542	5,302,909	23,505,451	21,603,465	6,104,971	27,708,436
North Dakota	19,295,858	4,373,055	23,668,913	18,437,480	5,034,999	23,472,479
Ohio	18,400,749	3,901,002	22,301,751	14,068,438	4,573,102	18,641,540
Oklahoma	24,098,179	9,092,156	33,190,335	18,109,778	7,620,459	25,730,237
Oregon	15,115,686	3,929,735	19,045,421	14,207,098	3,933,651	18,140,749
Pennsylvania	18,719,752	6,088,733	24,808,485	21,449,980	7,538,318	28,988,298
Rhode Island	2,735,873	1,368,180	4,104,053	2,444,888	1,234,350	3,679,238
South Carolina	8,474,621	3,279,975	11,754,596	17,172,247	2,920,414	20,092,661
South Dakota	17,053,438	5,445,950	22,499,388	13,340,519	5,112,781	18,453,300
Tennessee	15,432,040	5,448,497	20,880,537	24,415,185	5,693,936	30,109,121
Texas	65,337,613	26,446,404	91,784,017	91,695,163	27,421,476	119,116,639
Utah	19,192,713	8,637,704	27,830,417	16,464,839	8,404,172	24,869,011
Vermont	7,178,423	2,528,522	9,706,945	9,528,878	2,817,134	12,346,012
Virginia	11,082,556	5,398,270	16,480,826	16,444,399	5,868,652	22,313,051
Washington	12,169,238	4,770,169	16,939,407	13,542,553	4,728,422	18,270,975
West Virginia	7,197,883	4,596,028	11,793,911	9,509,133	5,151,453	14,660,586
Wisconsin	20,343,255	6,353,398	26,696,653	28,634,898	6,182,160	34,817,058
Wyoming	14,569,719	4,400,709	18,970,428	12,924,389	5,391,017	18,315,406
Puerto Rico	4,098,090	2,450,740	6,548,830	3,991,782	2,283,469	6,275,251
NHQ/Above State	-	84,535,099	84,535,099	18,697,769	78,471,955	97,169,724
Total	913,494,340	374,572,473	1,288,066,813	1,017,425,803	381,891,867	1,399,317,670

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Alabama	\$15,562,850	\$4,143,688	\$19,706,538	\$12,238,813	\$2,684,832	\$14,923,645
Alaska	9,299,616	2,338,055	11,637,671	5,849,177	1,315,099	7,164,276
Arizona	8,275,982	3,567,105	11,843,087	9,933,772	2,049,629	11,983,401
Arkansas	49,165,899	7,303,497	56,469,396	42,364,677	6,207,157	48,571,834
California	99,400,180	14,623,630	114,023,810	87,271,150	11,410,967	98,682,117
Colorado	29,999,774	8,627,482	37,627,256	28,369,988	5,126,438	33,496,426
Connecticut	4,907,764	1,961,252	6,869,016	4,072,262	1,162,784	5,235,046
Delaware	6,213,869	1,522,686	7,736,555	6,338,082	1,013,204	7,351,286
Florida	13,565,739	4,641,661	18,207,400	12,302,853	3,011,864	15,314,717
Georgia	23,497,353	5,849,667	29,347,020	22,240,705	4,478,606	26,719,311
Hawaii	6,521,955	2,284,181	8,806,136	6,238,115	1,241,326	7,479,441
Idaho	11,895,799	3,741,875	15,637,674	13,732,090	2,435,441	16,167,531
Illinois	11,317,820	3,044,553	14,362,373	10,315,018	2,102,629	12,417,647
Indiana	15,165,269	3,975,797	19,141,066	17,410,769	3,189,403	20,600,172
Iowa	23,747,664	6,459,810	30,207,474	19,740,896	4,256,654	23,997,550
Kansas	18,438,669	5,131,196	23,569,865	19,716,684	3,521,655	23,238,339
Kentucky	12,162,891	4,216,792	16,379,683	9,756,873	2,648,770	12,405,643
Louisiana	16,583,319	3,931,973	20,515,292	17,373,010	2,797,190	20,170,200
Maine	10,951,719	2,875,730	13,827,449	10,356,811	1,970,204	12,327,015
Maryland	11,474,347	2,295,579	13,769,926	7,475,648	1,625,263	9,100,911
Massachusetts	2,633,098	1,245,366	3,878,464	3,180,122	747,463	3,927,585
Michigan	14,839,817	3,868,134	18,707,951	12,557,579	2,717,809	15,275,388
Minnesota	18,353,850	6,167,977	24,521,827	18,160,148	3,876,598	22,036,746
Mississippi	30,397,264	5,448,736	35,846,000	33,960,380	4,696,702	38,657,082
Missouri	22,224,138	6,815,403	29,039,541	24,134,756	4,817,932	28,952,688
Montana	13,883,117	5,886,658	19,769,775	12,400,403	3,405,035	15,805,438
Nebraska	27,119,840	6,046,002	33,165,842	19,642,311	4,193,281	23,835,592
Nevada	9,122,344	2,294,306	11,416,650	7,189,306	1,321,490	8,510,796
New Hampshire	5,095,215	1,578,750	6,673,965	4,682,057	1,130,712	5,812,769
New Jersey	5,536,159	1,660,785	7,196,914	4,538,599	999,550	5,538,149
New Mexico	22,621,713	5,177,771	27,799,484	20,319,998	3,146,518	23,466,516
New York	14,787,558	3,802,964	18,590,522	10,680,762	2,351,264	13,032,026
North Carolina	17,365,208	4,380,821	21,746,029	16,793,824	2,904,824	19,698,682
North Dakota	19,965,024	4,371,675	24,336,699	16,170,257	3,110,897	19,280,354

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Ohio	15,633,928	4,254,123	19,888,051	11,510,649	2,778,821	14,289,470
Oklahoma	19,740,294	6,310,778	26,051,072	16,462,216	4,447,993	20,910,209
Oregon	20,027,958	3,702,474	23,730,432	15,795,142	2,473,626	18,268,768
Pennsylvania	21,874,501	6,818,246	28,692,747	20,114,242	4,703,517	24,817,759
Rhode Island	2,145,376	1,005,672	3,151,048	2,348,130	654,958	3,003,088
South Carolina	13,418,170	2,813,075	16,231,245	11,911,274	2,258,942	14,170,216
South Dakota	16,739,453	4,483,958	21,223,411	11,249,848	2,919,365	14,169,213
Tennessee	19,986,528	4,652,283	24,638,811	17,629,180	3,566,695	21,195,875
Texas	84,940,861	19,679,832	104,620,693	70,016,589	13,079,692	83,096,281
Utah	21,094,317	6,490,777	27,585,094	16,406,944	3,597,027	20,003,971
Vermont	10,553,502	2,179,403	12,732,905	9,539,137	1,608,739	11,147,876
Virginia	19,682,168	4,671,968	24,354,136	13,550,429	3,278,285	16,828,714
Washington	13,306,896	3,658,628	16,965,524	14,218,283	2,480,389	16,698,672
West Virginia	10,041,216	4,099,298	14,140,514	7,662,400	2,915,141	10,577,541
Wisconsin	20,733,534	5,474,625	26,208,159	19,457,062	3,650,154	23,107,216
Wyoming	9,714,577	3,810,950	13,525,527	10,061,620	2,192,666	12,254,286
Puerto Rico	3,934,222	2,148,851	6,083,073	4,134,543	1,681,787	5,816,330
NHQ/Above State	15,769,794	127,940,600	143,710,394	-	126,642,798	126,642,798
Total	960,430,118	365,477,068	1,325,907,186	839,575,617	288,598,985	1,128,174,602

Farm and Ranchland Protection Program (FRPP) Allocations  
 Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)  
 Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	\$856,166	\$78,272	\$934,438	\$235,000	\$90,434	\$325,434
Alaska	475,648	40,439	516,087	-	94,051	94,051
Arizona	545,000	22,762	567,762	-	29,892	29,892
Arkansas	-	9,137	9,137	-	-	-
California	3,778,252	277,089	4,055,341	4,296,221	226,733	4,522,954
Colorado	7,134,713	250,249	7,384,962	16,103,589	296,617	16,400,206
Connecticut	6,659,065	346,861	7,005,926	4,796,221	360,439	5,156,660
Delaware	4,762,275	130,286	4,892,561	4,337,190	107,886	4,445,076
Florida	4,756,475	175,969	4,932,444	414,298	59,076	483,374
Georgia	361,492	9,902	371,394	2,000	6,337	8,337
Hawaii	-	9,137	9,137	3,885,442	126,701	4,012,143
Idaho	1,241,684	61,285	1,302,969	1,576,093	79,411	1,655,504
Illinois	444,730	39,592	484,322	386,660	48,992	435,652
Kansas	1,930,178	52,870	1,983,048	3,106,167	65,239	3,171,406
Kentucky	1,020,000	126,004	1,146,004	2,009,773	148,439	2,158,212
Maine	951,295	71,741	1,023,036	1,331,093	27,235	1,358,328
Maryland	1,525,072	178,743	1,703,815	15,564	100,690	116,254
Massachusetts	5,707,770	412,172	6,119,942	8,725,843	456,764	9,182,607
Michigan	2,386,488	92,553	2,479,041	2,601,982	119,854	2,721,836
Minnesota	1,902,590	189,166	2,091,756	1,288,866	182,601	1,471,467
Mississippi	-	-	-	-	6,370	6,370
Missouri	1,380	-	1,380	42,900	14,500	57,400
Montana	3,847,988	123,675	3,971,663	5,049,196	202,352	5,251,548

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Nebraska	1,097,000	45,699	1,142,699	963,126	49,842	1,012,968
Nevada	-	18,274	18,274	2,429,976	82,584	2,512,560
New Hampshire	1,856,987	96,098	1,953,085	2,663,988	99,514	2,763,502
New Jersey	8,561,655	408,112	8,969,767	7,733,197	222,785	7,962,982
New Mexico	951,295	26,057	977,352	604,244	32,299	636,543
New York	4,504,200	249,551	4,753,751	4,280,918	291,294	4,572,212
North Carolina	2,711,191	229,588	2,940,779	2,529,575	187,937	2,717,512
North Dakota	-	-	-	6,873,953	403,844	7,277,797
Ohio	9,881,431	507,672	10,389,103	859,244	106,425	965,669
Oklahoma	237,824	24,788	262,612	-	22,824	22,824
Oregon	-	-	-	3,522,991	299,269	3,822,170
Pennsylvania	4,139,633	173,348	4,312,981	4,446,000	195,115	4,641,115
Rhode Island	4,127,000	157,996	4,284,996	2,113,488	70,402	2,183,890
South Carolina	3,805,180	140,776	3,945,956	-	-	-
Tennessee	2,000,000	50,000	2,050,000	1,187,655	60,970	1,248,625
Texas	3,091,709	112,096	3,203,805	4,036,976	90,944	4,127,920
Utah	4,416,250	119,543	4,535,793	2,822,617	101,521	2,924,138
Vermont	3,339,592	309,756	3,649,348	4,193,254	240,072	4,433,326
Virginia	4,590,547	153,110	4,743,657	3,436,976	147,479	3,584,455
Washington	3,806,680	323,511	4,130,191	3,516,000	116,834	3,632,834
West Virginia	2,200,000	155,504	2,355,504	3,168,110	83,553	3,251,663
Wisconsin	665,907	127,881	793,788	1,010,244	106,603	1,116,847
Wyoming	15,606,700	412,915	16,019,615	6,035,500	581,433	6,616,933
NHO/Above State	102,400	287,200	389,600	304,997	2,446,923	2,751,920
Total	131,981,442	6,827,379	138,808,821	128,937,037	8,908,079	137,845,116

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Alabama	-	\$5,584	\$5,584	-	-	-
Alaska	-	117	117	-	-	-
Arizona	-	6,602	6,602	-	-	-
California	\$2,950	67,294	70,244	-	-	-
Colorado	9,750	129,378	139,128	-	-	-
Connecticut	4,100	49,557	53,657	-	-	-
Delaware	12,600	31,251	43,851	-	-	-
Florida	-	11,407	11,407	-	-	-
Georgia	-	-	-	-	-	-
Hawaii	-	15,005	15,005	-	-	-
Idaho	-	14,796	14,796	-	-	-
Illinois	-	2,962	2,962	-	-	-
Kansas	-	10,152	10,152	-	-	-
Kentucky	4,690	62,928	67,618	-	-	-
Maine	1,790	7,655	9,445	-	-	-
Maryland	-	16,545	16,545	-	-	-
Massachusetts	13,275	45,992	59,267	-	-	-
Michigan	850	23,481	24,331	-	-	-
Minnesota	750	11,117	11,867	-	-	-
Mississippi	-	-	-	-	-	-
Missouri	-	-	-	-	-	-
Montana	750	32,888	33,638	-	-	-
Nebraska	-	6,599	6,599	-	-	-
Nevada	-	7,633	7,633	-	-	-
New Hampshire	600	23,260	23,860	-	-	-
New Jersey	7,820	27,626	35,446	-	-	-
New Mexico	1,180	5,280	6,460	-	-	-
New York	12,690	64,083	76,773	-	-	-
North Carolina	5,950	40,552	46,502	-	-	-
North Dakota	-	-	-	-	-	-
Ohio	38,500	92,641	131,141	-	-	-
Oklahoma	-	27,972	27,972	-	-	-
Oregon	16,090	6,341	22,431	-	-	-
Pennsylvania	13,157	27,189	40,346	-	-	-

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Rhode Island	-	27,426	27,426	-	-	-
South Carolina	1,200	7,204	8,404	-	-	-
Tennessee	-	5,457	5,457	-	-	-
Texas	-	23,498	23,498	-	-	-
Utah	-	15,240	15,240	-	-	-
Vermont	5,790	52,306	58,096	-	-	-
Virginia	2,790	21,850	24,640	-	-	-
Washington	2,300	35,565	37,865	-	-	-
West Virginia	1,600	119,781	121,381	-	-	-
Wisconsin	2,175	5,924	8,099	-	-	-
Wyoming	2,400	184,209	186,609	-	-	-
NHO/Above State	-	440,159	440,159	-	-	-
Total	165,747	1,812,509	1,978,256	-	-	-

Grassland Reserve Program (GRP) Allocations  
 Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)  
 Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	\$107,000	\$29,766	\$136,766	\$11,339	\$41,777	\$53,116
Alaska	-	7,168	7,168	-	40,662	40,662
Arizona	28,750	19,236	47,986	-	19,482	19,482
Arkansas	18,050	39,262	57,312	21,874	53,112	74,986
California	-	113,618	113,618	3,000	92,028	95,028
Colorado	8,920	69,287	78,207	19,162	158,521	177,683
Connecticut	25,000	29,766	54,766	36,450	32,588	69,038
Delaware	-	13,838	13,838	5,000	13,314	18,314
Florida	24,090	89,531	113,621	40,000	84,960	124,960

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Georgia	-	823	823	-	4,173	4,173
Hawaii	-	77,149	77,149	56,300	116,272	172,572
Idaho	338,100	236,706	574,806	39,909	330,553	370,462
Illinois	1,789	27,210	28,999	36,700	90,263	126,963
Indiana	8,000	53,442	61,442	-	43,889	43,889
Iowa	96,000	52,829	148,829	6,200	45,971	52,171
Kansas	62,000	304,963	366,963	86,072	125,877	211,949
Kentucky	70,000	72,773	142,773	1,800	29,726	31,526
Louisiana	55,000	4,746	59,746	-	1,000	1,000
Maine	-	-	-	-	1,000	1,000
Maryland	-	-	-	-	5,866	5,866
Massachusetts	-	2,720	2,720	-	43,297	43,297
Michigan	1,500	14,552	16,052	11,270	19,194	30,464
Minnesota	26,600	20,573	47,173	9,690	94,410	104,100
Mississippi	-	58,935	58,935	11,910	41,163	53,073
Missouri	1,288	104,065	105,353	17,700	37,277	54,977
Montana	10,604	125,465	136,069	51,659	123,406	175,065
Nebraska	-	63,474	63,474	-	24,728	24,728
Nevada	38,000	76,225	114,225	20,500	263,687	284,187
New Hampshire	-	19,566	19,566	-	5,376	5,376
New Jersey	3,525	5,230	8,755	76,200	7,063	83,263
New Mexico	40,000	48,314	88,314	23,000	53,797	76,797
New York	2,850	24,886	27,736	1,969	24,808	26,777
North Carolina	-	21,504	21,504	-	21,214	21,214
North Dakota	-	67,935	67,935	-	9,240	9,240
Ohio	12,000	26,631	38,631	-	12,576	12,576
Oklahoma	23,200	84,252	107,452	49,500	68,385	117,885
Oregon	-	16,133	16,133	17,942	57,306	75,248

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Pennsylvania	13,800	59,531	73,331	82,400	28,198	110,598
Rhode Island	-	19,585	19,585	20,000	27,917	47,917
South Carolina	40,000	31,260	71,260	46,000	305,778	351,778
South Dakota	117,413	187,305	304,718	43,450	129,247	172,697
Tennessee	6,286	35,365	41,651	4,015	75,770	79,785
Texas	99,500	798,576	898,076	123,375	684,568	807,943
Utah	9,000	121,879	130,879	51,245	232,445	283,690
Vermont	100,000	10,287	110,287	2,125	13,817	15,942
Virginia	6,616	33,218	39,834	20,470	53,039	73,509
Washington	-	24,124	24,124	54,150	23,489	77,639
West Virginia	400	42,077	42,477	19,000	43,144	62,144
Wisconsin	91,081	146,804	237,885	13,974	91,589	105,563
Wyoming	110,000	341,445	451,445	12,500	413,079	425,579
NHQ/Above State	51,951,697	2,280,475	54,232,172	55,829,831	1,966,019	57,795,850
Total	53,548,059	6,154,604	59,702,663	56,977,681	6,326,060	63,303,741

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Alabama	-	\$589	\$589	-	-	-
Alaska	-	1,158	1,158	-	-	-
Arizona	\$1,561	-	1,561	-	-	-
Arkansas	-	474	474	-	-	-
California	8,216	11,858	20,074	-	-	-
Colorado	2,577	8,108	10,685	-	-	-
Connecticut	901	2,280	3,181	-	-	-
Florida	-	3,406	3,406	-	-	-
Hawaii	-	7,395	7,395	-	-	-
Idaho	55,178	80,578	135,756	-	-	-
Illinois	670	6,229	6,899	-	-	-
Indiana	-	3,949	3,949	-	-	-

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Iowa	-	224	224	-	-	-
Kansas	7,735	13,744	21,479	-	-	-
Kentucky	-	1,099	1,099	-	-	-
Maryland	-	-	-	-	-	-
Massachusetts	-	2,372	2,372	-	-	-
Michigan	1,771	-	1,771	-	-	-
Minnesota	-	28,913	28,913	-	-	-
Mississippi	-	4,713	4,713	-	-	-
Missouri	-	-	-	-	-	-
Montana	79,696	4,270	83,966	-	-	-
Nebraska	-	-	-	-	-	-
Nevada	97,298	4,813	102,111	-	-	-
New Jersey	-	-	-	-	-	-
New Mexico	-	3,977	3,977	-	-	-
New York	-	-	-	-	-	-
North Dakota	-	-	-	-	-	-
Oklahoma	-	3,391	3,391	-	-	-
Oregon	-	16,497	16,497	-	-	-
Pennsylvania	-	2,673	2,673	-	-	-
Rhode Island	-	951	951	-	-	-
South Carolina	8,500	5,389	13,889	-	-	-
South Dakota	72,388	5,591	77,979	-	-	-
Tennessee	-	37,152	37,152	-	-	-
Texas	-	82,877	82,877	-	-	-
Utah	15,000	20,391	35,391	-	-	-
Vermont	-	-	-	-	-	-
Virginia	-	10,003	10,003	-	-	-
Washington	-	165	165	-	-	-
West Virginia	4,218	20,770	24,989	-	-	-
Wisconsin	-	10,118	10,118	-	-	-
Wyoming	6,055	13,618	19,673	-	-	-
NHQ/Above State	-	152,548	152,548	-	-	-
Total	361,764	572,284	934,048	-	-	-

Healthy Forests Reserve Program (HFRP) Allocations  
 Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)  
 Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
California	352,227	62,158	414,385	107,100	19,263	126,363
Georgia	273,016	17,215	290,231	-	3,086	3,086
Indiana	528,340	93,237	621,577	570,000	64,210	634,210
Kentucky	1,523,855	149,596	1,673,451	1,068,500	187,320	1,255,820
Michigan	293,522	51,798	345,320	694,960	121,025	815,985
Mississippi	528,340	93,237	621,577	714,000	124,342	838,342
Ohio	293,522	51,798	345,320	8,446	29,632	38,078
Oklahoma	709,254	124,315	833,569	1,542,500	174,927	1,717,427
Oregon	2,817,816	497,262	3,315,078	1,681,750	191,810	1,873,560
Pennsylvania	1,174,090	207,192	1,381,282	831,060	100,418	931,478
South Carolina	50,000	12,974	62,974	267,750	48,158	315,908
Washington	40,013	6,778	46,791	-	-	-
NHQ/Above State	2,000	213,800	215,800	-	56,133	56,133
Total	8,585,995	1,581,360	10,167,355	7,486,066	1,120,324	8,606,390

Regional Conservation Partnership Program (RCPP) Allocations  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)  
 Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Alabama	-	\$3,000	\$3,000	-	-	-
Alaska	-	3,000	3,000	\$308,331	\$2,901,492	\$3,209,823
Arizona	-	3,000	3,000	1,275,000	518,500	1,793,500
Arkansas	-	3,000	3,000	7,494,737	2,031,579	9,526,316
California	-	15,000	15,000	494,824	2,230,914	2,725,738
Colorado	-	6,000	6,000	4,611,658	1,528,282	6,139,940
Connecticut	-	3,000	3,000	2,550,000	4,006,250	6,556,250
Delaware	-	3,000	3,000	-	80,000	80,000
Florida	-	3,000	3,000	4,797,850	235,150	5,033,000
Georgia	-	6,000	6,000	-	1,117,890	1,117,890
Hawaii	-	7,036	7,036	-	-	-
Idaho	-	9,000	9,000	-	39,600	39,600
Illinois	-	9,000	9,000	225,070	494,930	720,000
Indiana	-	6,000	6,000	-	373,072	373,072
Iowa	-	3,000	3,000	3,027,349	581,174	3,608,523
Kansas	-	3,000	3,000	8,045,544	4,991,176	13,036,720
Kentucky	-	9,000	9,000	-	115,000	115,000
Louisiana	-	3,000	3,000	-	225,000	225,000
Maine	-	3,000	3,000	-	39,000	39,000
Maryland	-	3,000	3,000	5,032,702	2,081,348	7,114,050
Massachusetts	-	3,000	3,000	-	87,682	87,682
Michigan	-	3,000	3,000	7,695,200	3,254,800	10,950,000
Minnesota	-	3,000	3,000	2,812,258	2,187,742	5,000,000
Mississippi	-	6,000	6,000	-	92,988	92,988
Missouri	-	9,000	9,000	2,745,000	1,015,000	3,760,000
Montana	-	6,000	6,000	-	44,000	44,000
Nebraska	-	9,000	9,000	-	-	-
Nevada	-	3,000	3,000	1,500,000	1,500,000	3,000,000
New Hampshire	-	3,000	3,000	-	65,000	65,000
New Jersey	-	3,000	3,000	-	1,500	1,500

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
New Mexico	-	3,000	3,000	4,900,000	1,465,935	6,365,935
New York	-	3,000	3,000	-	397,392	397,392
North Carolina	-	6,000	6,000	-	-	-
North Dakota	-	6,000	6,000	-	12,205,900	12,205,900
Ohio	-	6,000	6,000	-	3,105,900	3,105,900
Oklahoma	-	6,000	6,000	-	625,000	625,000
Oregon	-	9,000	9,000	9,089,747	5,054,164	14,143,911
Pennsylvania	-	3,000	3,000	12,296,250	5,685,289	17,981,539
Rhode Island	-	3,000	3,000	-	112,500	112,500
South Carolina	-	6,000	6,000	8,200,000	1,963,043	10,163,043
South Dakota	-	3,000	3,000	-	354,050	354,050
Tennessee	-	3,000	3,000	-	227,550	227,550
Texas	-	3,000	3,000	-	-	-
Utah	-	9,000	9,000	880,000	820,000	1,700,000
Vermont	-	3,000	3,000	-	1,785,938	1,785,938
Virginia	-	3,000	3,000	-	100,000	100,000
Washington	-	9,000	9,000	5,280,000	4,533,395	9,813,395
West Virginia	-	-	-	5,088,252	2,911,748	8,000,000
Wisconsin	-	6,000	6,000	-	375,000	375,000
Wyoming	-	3,000	3,000	-	246,900	246,900
Puerto Rico	-	3,000	3,000	-	100,000	100,000
NRQ/Above State	-	1,809,964	1,809,964	-	1,497,839	1,497,839
Total	-	2,057,000	2,057,000	98,349,772	75,406,612	173,756,384

Note: Amounts do not include funding from covered programs (EQIP, CSEP, ACEP, HFRP).

Small Water Rehabilitation Protection (SWRP) Allocations  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)  
 Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Alabama	-	\$280,000	\$280,000	\$71,432	\$178,570	\$250,002
Arizona	\$95,517,600	142,550	95,660,150	-	-	-
Arkansas	1,206,000	-	1,206,000	-	-	-
California	-	-	-	300,000	-	300,000
Colorado	2,911,000	209,000	3,120,000	-	635,000	635,000
Connecticut	846,000	4,000	850,000	-	-	-
Georgia	1,381,150	63,850	1,445,000	8,000	2,002,000	2,010,000
Hawaii	-	4,901	4,901	-	-	-
Idaho	-	20,000	20,000	-	-	-
Indiana	311,000	29,000	340,000	20,000	180,000	200,000
Iowa	-	-	-	20,000	-	20,000
Kansas	1,691,000	40,000	1,731,000	20,000	-	20,000
Kentucky	-	1,000,000	1,000,000	19,242	-	19,242
Louisiana	-	100,000	100,000	20,000	-	20,000
Maryland	100,000	-	100,000	-	-	-
Massachusetts	5,417,000	3,734,500	9,151,500	675,000	2,206,000	2,881,000
Minnesota	275,893	-	275,893	-	140,000	140,000
Mississippi	5,985,000	50,000	6,035,000	100,000	500,000	600,000
Nebraska	7,890,250	804,986	8,695,236	160,000	-	160,000
Nevada	-	-	-	400,000	810,000	1,210,000
New Hampshire	369,000	41,000	410,000	-	-	-
New Jersey	40,000	20,000	60,000	-	-	-
New Mexico	400,000	200,000	600,000	-	-	-
New York	480,500	46,500	527,000	-	-	-
North Carolina	-	-	-	-	160,000	160,000

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
North Dakota	180,000	-	180,000	-	-	-
Ohio	40,000	40,000	80,000	60,000	-	60,000
Oklahoma	32,530,659	260,000	32,790,659	1,140,000	-	1,140,000
Oregon	1,897,300	86,700	1,984,000	165,750	3,794,250	3,960,000
Pennsylvania	10,448,910	146,590	10,595,500	220,000	50,000	270,000
South Carolina	-	40,000	40,000	80,000	-	80,000
Tennessee	3,671,720	3,280	3,675,000	-	-	-
Texas	22,662,975	732,283	23,395,258	380,000	8,553,200	8,933,200
Utah	10,595,000	1,975,000	12,570,000	1,447,000	28,453,000	29,900,000
Vermont	-	80,000	80,000	-	-	-
Virginia	6,770,000	40,000	6,810,000	65,000	19,267,000	19,332,000
West Virginia	12,301,910	2,778,189	15,080,099	100,000	400,000	500,000
Wyoming	492,610	12,186	504,796	-	49,000	49,000
NHQ/Above State	-	8,615,441	8,615,441	6,691,179	900,000	7,591,179
Total	226,412,477	21,599,956	248,012,433	12,162,603	68,278,020	80,440,623

## Voluntary Public Access Program Allocations (VPAP)

Fiscal Year 2014 Actual (as of October 20, 2014), and

Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
State	\$19,778,254	542,200	20,320,254	-	-	-
NHQ/Above State	19,778,254	542,000	20,320,254	-	-	-
Total	19,778,254	542,000	20,320,254	-	-	-

The NHQ/Above State amount will be distributed to Arizona, Georgia, Iowa, Illinois, Michigan, Montana, Pennsylvania, South Dakota, Texas and Washington.

## Wildlife Habitat Incentives Program (WHIP) Allocations

Fiscal Year 2012 Actual (as of September 30, 2012),

Fiscal Year 2013 Actual (as of September 27, 2013),

Fiscal Year 2014 Actual (as of October 20, 2014), and

Fiscal Year 2015 Estimate (as of March 27, 2015)

Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	\$14,000	\$170,826	\$184,826	\$5,028,000	\$707,170	\$5,735,170
Alaska	-	302,661	302,661	5,476,232	664,171	6,140,403
Arizona	200,000	161,985	361,985	-	99,797	99,797
Arkansas	175,000	250,586	425,586	2,528,516	483,600	3,012,116
California	100,000	293,552	393,552	1,570,000	704,854	2,274,854
Colorado	-	128,059	128,059	200,000	226,287	426,287
Connecticut	-	241,552	241,552	585,000	263,669	848,669
Delaware	-	51,378	51,378	9,400	51,384	60,784
Florida	4,178	143,073	147,251	583,255	271,053	854,308
Georgia	-	151,813	151,813	4,329,804	2,131,106	6,460,910
Hawaii	-	182,064	182,064	-	119,455	119,455
Idaho	72,000	127,513	199,513	1,870,157	353,325	2,223,482
Illinois	66,000	88,472	154,472	-	160,326	160,326
Indiana	152,500	186,763	339,263	-	202,900	202,900
Iowa	184,000	133,746	317,746	429,020	144,724	573,744
Kansas	-	149,732	149,732	1,500,000	335,300	1,835,300
Kentucky	-	123,264	123,264	-	159,458	159,458
Louisiana	75,000	180,598	255,598	482,177	443,951	926,128
Maine	-	187,004	187,004	507,740	226,495	734,235
Maryland	-	70,103	70,103	295,000	91,210	386,210
Massachusetts	-	228,237	228,237	160,850	177,498	358,348
Michigan	156,000	168,588	324,588	-	270,682	270,682
Minnesota	32,435	170,294	202,729	1,250,000	229,867	1,479,867
Mississippi	200,000	204,877	404,877	1,600,000	311,521	1,911,521
Missouri	140,000	260,854	400,854	540,000	263,092	803,092

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Montana	-	116,548	116,548	455,000	125,705	580,705
Nebraska	-	138,590	138,590	-	260,673	260,673
Nevada	-	80,393	80,393	161,200	61,165	222,365
New Hampshire	4,500	308,075	312,575	200,000	208,867	408,867
New Jersey	-	143,595	143,595	112,711	303,454	416,165
New Mexico	-	118,147	118,147	674,650	195,624	870,274
New York	-	136,502	136,502	410,355	113,767	524,122
North Carolina	-	109,078	109,078	40,000	120,010	160,010
North Dakota	-	97,784	97,784	42,000	195,694	237,694
Ohio	-	71,998	71,998	-	95,639	95,639
Oklahoma	-	222,534	222,534	-	266,152	266,152
Oregon	-	200,636	200,636	1,024,029	235,340	1,259,369
Pennsylvania	-	77,943	77,943	2,370,200	444,467	2,814,667
Rhode Island	-	237,799	237,799	125,490	217,300	342,790
South Carolina	-	217,601	217,601	178,004	450,755	628,759
South Dakota	25,000	100,547	125,547	4,375,018	396,270	4,771,288
Tennessee	-	105,110	105,110	1,345,000	300,102	1,645,102
Texas	-	420,342	420,342	7,350,000	1,032,836	8,382,836
Utah	-	87,148	87,148	88,717	99,011	187,728
Vermont	-	220,140	220,140	81,744	212,797	294,541
Virginia	170,000	124,340	294,340	25,325	339,493	364,818
Washington	-	172,947	172,947	326,000	270,382	596,382
West Virginia	20,000	193,583	213,583	736,000	331,967	1,067,967
Wisconsin	25,000	131,634	156,634	30,720	108,307	139,027
Wyoming	-	101,704	101,704	-	322,872	322,872
Puerto Rico	-	-	-	20,000	3,060	23,060
NHQ/Above State	-	318,500	318,500	-	4,177,035	4,177,035
Total	1,815,613	8,610,812	10,426,425	49,117,314	20,001,639	69,118,953

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Alabama	\$1,272,790	\$387,150	\$1,659,940	-	-	-
Alaska	-	109,933	109,933	-	-	-
Arizona	-	12,641	12,641	-	-	-
Arkansas	-	53,635	53,635	-	-	-
California	-	97,707	97,707	-	-	-
Colorado	-	92,156	92,156	-	-	-
Connecticut	-	84,151	84,151	-	-	-
Delaware	-	6,333	6,333	-	-	-
Florida	1,871	50,856	52,727	-	-	-
Georgia	-	572,328	572,328	-	-	-
Hawaii	-	14,258	14,258	-	-	-
Idaho	-	56,934	56,934	-	-	-
Illinois	-	16,708	16,708	-	-	-
Indiana	-	93,729	93,729	-	-	-
Iowa	-	6,466	6,466	-	-	-
Kansas	-	32,779	32,779	-	-	-
Kentucky	-	102,180	102,180	-	-	-
Louisiana	-	45,060	45,060	-	-	-
Maine	294,669	92,749	387,418	-	-	-
Maryland	-	23,784	23,784	-	-	-
Massachusetts	50,000	26,342	76,342	-	-	-
Michigan	-	35,361	35,361	-	-	-
Minnesota	-	24,067	24,067	-	-	-
Mississippi	-	143,474	143,474	-	-	-
Missouri	-	17,744	17,744	-	-	-
Montana	-	12,979	12,979	-	-	-
Nebraska	-	19,599	19,599	-	-	-
Nevada	-	2,058	2,058	-	-	-
New Hampshire	-	36,861	36,861	-	-	-
New Jersey	-	63,508	63,508	-	-	-
New Mexico	-	8,002	8,002	-	-	-
New York	194,564	38,549	233,113	-	-	-
North Carolina	-	8,973	8,973	-	-	-
North Dakota	-	889	889	-	-	-

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Ohio	-	300	300	-	-	-
Oklahoma	-	16,545	16,545	-	-	-
Oregon	-	56,200	56,200	-	-	-
Pennsylvania	-	52,415	52,415	-	-	-
Rhode Island	-	32,026	32,026	-	-	-
South Carolina	-	101,890	101,890	-	-	-
South Dakota	-	68,421	68,421	-	-	-
Tennessee	26,151	132,004	158,155	-	-	-
Texas	251,982	129,195	381,177	-	-	-
Utah	-	9,212	9,212	-	-	-
Vermont	51,865	28,876	80,741	-	-	-
Virginia	-	26,362	26,362	-	-	-
Washington	-	44,348	44,348	-	-	-
West Virginia	102,601	209,003	311,604	-	-	-
Wisconsin	-	6,439	6,439	-	-	-
Wyoming	-	19,999	19,999	-	-	-
Puerto Rico	-	-	-	-	-	-
NHQ/Above State	-	171,484	171,484	-	-	-
Total	2,246,493	3,494,622	5,741,115	-	-	-

Wetland Reserve Program (WRP) Allocations  
 Fiscal Year 2012 Actual (as of September 30, 2012),  
 Fiscal Year 2013 Actual (as of September 27, 2013),  
 Fiscal Year 2014 Actual (as of October 20, 2014), and  
 Fiscal Year 2015 Estimate (as of March 27, 2015)  
 Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	\$12,909,245	\$1,310,728	\$14,219,973	\$2,972,499	\$850,111	\$3,822,610
Alaska	5,388	5,078	10,466	-	43,666	43,666
Arizona	241,520	128,119	369,639	-	83,950	83,950
Arkansas	23,311,008	3,668,643	26,979,651	24,500,000	2,924,641	27,424,641
California	30,529,127	1,831,197	32,360,324	16,364,000	2,367,307	18,731,307
Colorado	2,048,608	424,440	2,473,048	617,571	304,082	921,653
Connecticut	182,531	35,781	218,312	-	35,405	35,405
Delaware	438,022	97,702	535,724	678,348	74,824	753,172
Florida	59,953,153	1,967,337	61,920,490	62,419,743	6,275,771	68,695,514
Georgia	4,911,969	841,741	5,753,710	8,750,000	963,706	9,713,706
Hawaii	896,722	146,642	1,043,364	710,500	156,407	866,907
Idaho	2,787,489	293,004	3,080,493	1,670,000	245,876	1,915,876
Illinois	7,360,988	1,093,615	8,454,603	5,340,926	1,219,787	6,560,713
Indiana	13,806,730	1,580,974	15,387,704	4,890,500	1,320,386	6,200,886
Iowa	25,929,852	1,977,925	27,907,777	21,645,838	1,886,419	23,532,257
Kansas	6,321,436	755,168	7,076,604	1,359,832	689,688	2,049,520
Kentucky	7,413,779	613,669	8,027,448	11,407,321	1,030,526	12,437,847
Louisiana	32,767,654	4,087,275	36,854,929	33,019,917	6,716,413	39,736,330
Maine	589,286	107,413	696,699	500,000	59,867	559,867
Maryland	6,731,528	774,171	7,505,699	5,109,000	725,350	5,834,350
Massachusetts	5,382,013	179,804	5,561,817	2,845,173	224,587	3,069,760
Michigan	3,552,734	632,989	4,185,723	4,342,189	1,176,856	5,519,045
Minnesota	45,407,673	2,849,198	48,256,871	27,370,000	3,369,092	30,739,092
Mississippi	25,501,135	2,349,164	27,850,299	16,221,100	2,310,708	18,531,808
Missouri	14,981,633	1,884,462	16,866,095	11,693,632	2,320,594	14,004,226

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Montana	3,454,978	474,538	3,929,516	1,887,270	690,957	2,678,227
Nebraska	10,363,097	1,030,920	11,394,017	7,996,351	1,228,966	9,225,317
Nevada	3,973,594	141,527	4,115,121	8,244,761	187,507	8,432,268
New Hampshire	10,952,226	525,872	11,478,098	3,958,766	519,085	4,477,851
New Jersey	1,995,393	196,663	2,192,056	2,459,677	209,796	2,669,473
New Mexico	738,591	143,800	882,391	88,999	83,589	172,588
New York	11,041,548	1,841,665	12,883,213	5,155,357	1,053,885	6,209,242
North Carolina	9,001,829	1,871,280	10,873,109	7,620,000	1,119,932	8,739,932
North Dakota	31,679,575	4,087,050	35,766,625	8,415,000	2,498,522	10,913,522
Ohio	5,577,467	610,028	6,187,495	4,880,794	797,159	5,677,953
Oklahoma	7,024,624	1,271,518	8,296,142	7,699,388	1,174,000	8,873,388
Oregon	7,700,270	1,596,288	9,296,558	3,800,000	1,764,043	5,564,043
Pennsylvania	7,731,991	610,883	8,342,874	7,745,134	736,649	8,481,783
Rhode Island	589,559	37,794	627,353	245,000	40,797	285,797
South Carolina	4,778,349	475,327	5,253,676	2,222,215	883,639	3,105,854
South Dakota	17,786,876	1,663,141	19,450,017	17,726,775	2,343,997	20,070,772
Tennessee	8,764,740	1,294,236	10,058,976	12,872,995	1,589,594	14,562,589
Texas	25,317,654	3,523,911	28,841,565	14,322,237	2,742,700	17,064,937
Utah	1,407,183	168,129	1,575,312	1,490,204	132,674	1,622,878
Vermont	1,254,858	119,615	1,374,473	347,284	208,526	555,810
Virginia	1,139,022	138,960	1,277,982	800,000	178,973	978,973
Washington	3,645,747	430,724	4,076,471	3,231,540	412,855	3,644,395
West Virginia	564,171	113,460	677,631	248,048	90,089	338,137
Wisconsin	8,187,201	822,337	9,009,538	5,817,781	815,660	6,633,441
Wyoming	2,681,145	472,102	3,153,247	29,800	304,963	334,763
Puerto Rico	140,000	45,865	185,865	87,115	41,736	128,851
NHQ/Above State	1,862,500	14,188,253	16,050,753	1,942,573	12,408,568	14,351,141
Total	523,315,411	67,532,125	590,847,536	395,943,153	71,634,880	467,578,033

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Alabama	\$362,479	\$152,844	\$515,323	-	-	-
Alaska	-	-	-	-	-	-
Arizona	-	-	-	-	-	-
Arkansas	-	284,829	284,829	-	-	-
California	43,655	512,150	555,805	-	-	-
Colorado	16,536	58,811	75,347	-	-	-
Connecticut	-	1,085	1,085	-	-	-
Delaware	65,958	31,379	97,337	-	-	-
Florida	5,089,700	1,583,885	6,673,585	-	-	-
Georgia	-	172,926	172,926	-	-	-
Hawaii	-	34,085	34,085	-	-	-
Idaho	15,685	54,132	69,817	-	-	-
Illinois	532,737	317,262	849,999	-	-	-
Indiana	16,215	462,219	478,434	-	-	-
Iowa	4,940	465,301	470,241	-	-	-
Kansas	7,121	132,734	139,854	-	-	-
Kentucky	15,063	190,768	205,830	-	-	-
Louisiana	679,913	331,047	1,010,961	-	-	-
Maine	800	3,526	4,326	-	-	-
Maryland	10,989	139,185	150,174	-	-	-
Massachusetts	3,230	23,968	27,198	-	-	-
Michigan	66,104	198,560	264,664	-	-	-
Minnesota	259,320	656,972	916,292	-	-	-
Mississippi	13,741	748,133	761,874	-	-	-
Missouri	9,918	603,909	613,827	-	-	-
Montana	36,723	104,792	141,515	-	-	-
Nebraska	496,555	325,326	821,880	-	-	-
Nevada	9,055	16,102	25,157	-	-	-
New Hampshire	7,880	92,483	100,363	-	-	-
New Jersey	3,500	55,093	58,593	-	-	-
New Mexico	6,030	4,578	10,608	-	-	-
New York	83,437	215,837	299,274	-	-	-
North Carolina	15,000	258,256	273,256	-	-	-
North Dakota	334,631	696,887	1,031,518	-	-	-
Ohio	-	45,325	45,325	-	-	-

State	Financial Assistance (2014)	Technical Assistance (2014)	Total (2014)	Financial Assistance (2015)	Technical Assistance (2015)	Total (2015)
Oklahoma	267,747	217,785	485,533	-	-	-
Oregon	-	483,823	483,823	-	-	-
Pennsylvania	143,154	75,871	219,025	-	-	-
Rhode Island	-	6,415	6,415	-	-	-
South Carolina	216,161	294,260	510,421	-	-	-
South Dakota	183,723	630,948	814,672	-	-	-
Tennessee	31,429	250,591	282,020	-	-	-
Texas	149,632	643,210	792,841	-	-	-
Utah	35,718	37,761	73,479	-	-	-
Vermont	5,025	16,390	21,415	-	-	-
Virginia	55,117	16,533	71,650	-	-	-
Washington	10,500	80,228	90,728	-	-	-
West Virginia	7,475	22,345	29,820	-	-	-
Wisconsin	495,325	136,589	631,914	-	-	-
Wyoming	-	91,410	91,410	-	-	-
Puerto Rico	-	-	-	-	-	-
NRQ/Above State	-	4,251,339	4,251,339	-	-	-
Total	9,807,920	16,229,882	26,037,802	-	-	-

FARM BILL CONSERVATION PROGRAMS

Mr. Aderholt: Please provide the apportionment schedule for mandatory farm bill conservation programs for fiscal year 2016.

Response: The information is submitted for the record, which includes two apportionment schedules: one for the no-year account (AP-15-NRCS-3) and one for the annual account (AP-15-NRCS-2).

[The information follows:]

SF 132 APPORTIONMENT  
SCHEDULE

FY 2015 Apportionment

Funds provided by Public Laws 113-79,

113-235

Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote	Memo Obligations
15-RF-NRCS-3									
<b>Department of Agriculture</b> <b>Bureau: Natural Resources Conservation Service</b> <b>Account: Farm Security and Rural Investment Programs (005-53-1004)</b> <b>TAFS: 12-1004/X</b>									
ItemNo 2		Last Approved Apportionment: 2014-09-30							
RptCat NO		Reporting Categories							
AdjAut YES		Adjustment Authority provided							
Budgetary resources									
1000	ME	Mandatory Estimated - Unob Bal: Brought forward, Octo	794,480,000		1,005,402,838	B2	1,005,402,838	B2	
1230	SEQ	BA: Mand: New/Unob bal of approps perm reduced	-266,553,295		-266,553,295		-266,553,295		
1234		BA: Mand: Appropriations precluded from obligation			-173,893,674		-173,893,674		
1251		BA: Mand: Appropriations: Antic nonexpend trans net	3,651,415,000		3,551,400,858		3,551,400,858		
1840		BA: Mand: Spending auth: Antic colls, reimb, other	500,000		500,000		500,000		
<b>1920</b>		<b>Total budgetary resources avail (disc. and mand.)</b>	<b>4,179,841,705</b>		<b>4,116,856,727</b>	<b>B1</b>	<b>4,116,856,727</b>	<b>B1</b>	
6004		Application of budgetary resources Category A -- 4th quarter Category B Projects	473,212,244	A1					
6011		Chesapeake Bay Watershed Program (Financial Assist	2,806,406		6,608,191		6,608,191		
6012		Healthy Forests Reserve Program (Financial Assistanc	2,160,661		6,211,741		6,211,741		
6013		Environmental Quality Incentives Program (Financial A	981,715,000		1,000,175,533		1,000,175,533		
6014		Conservation Security Program (Financial Assistance)	30,825,825		24,975,696		24,975,696		
6015		Conservation Stewardship Program (Financial Assistan	1,040,563,938		974,682,000		974,682,000		
6016		Agricultural Conservation Easement Program (Financia	253,904,038		302,734,228		302,734,228		
6017		Regional Conservation Partnership Program (Financial	146,753,671		146,753,671		146,753,671		
6018		Voluntary Public Access Program (Financial Assistance	24,585,000		15,247,396		15,247,396		
6020		Wetlands Reserve Program (Financial Assistance)	216,165,128		335,714,003		335,714,003		
6021		Farm and Ranch Lands Protection Program (Financial	112,350,785		102,840,487		102,840,487		
6022		Wildlife Habitat Incentives Program (Financial Assistan	4,345,008		5,295,010		5,295,010		
6023		Grasslands Reserve Program (Financial Assistance)	32,069,105		35,014,342		35,014,342		
6024		Agricultural Water Enhancement Program (Financial As	2,820,825		3,387,812		3,387,812		
6025		Wetlands Mitigation Banking Program (Financial Assist	5,000,000		9,000,000		9,000,000		
6027		Technical Assistance	850,564,071		1,148,216,617		1,148,216,617		
<b>6190</b>		<b>Total budgetary resources available</b>	<b>4,179,841,705</b>		<b>4,116,856,727</b>		<b>4,116,856,727</b>		

Submitted: David Lippold, Director, Budget Control and Analysis Division Date: March 9, 2015

**OMB Approved this apportionment request using  
the web-based apportionment system**



**Mark Affixed By:** Janet Irwin  
Deputy Associate Director for Natural Resources

**Signed On:** 2015-03-30 01:12 PM  
**File Name:** 15-AP-NRCS-3.xlsx  
**Sent By:** Darlene Fleming  
**Sent On:** 2015-03-30 01:25 PM

**TAF(s) Included:** 12-1004 \X

SF 132 APPORTIONMENT SCHEDULE

FY 2015 Apportionment  
Funds provided by Public Law 112-65

15-AP-NRCS-2

*Janet Irwin*

Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote	Memo Obligations
		<b>Department of Agriculture</b> <b>Bureau: Natural Resources Conservation Service</b> <b>Account: Farm Security and Rural Investment Programs (005-53-1004)</b> <b>TAFS: 12-1004/2015</b>							
ItemNo 1		Last Approved Apportionment: N/A, First Request of Year							
RptCat	NO	Reporting Categories							
AdjAut	YES	Adjustment Authority provided							
		Budgetary resources							
1230	SEQ	BA: Mand: New(Unob bal of approps perm reduced			-365,000		-365,000		
1251		BA: Mand: Appropriations:Antic nonexpend trans net			5,000,000		5,000,000		
1920		<b>Total budgetary resources avail (disc. and mand.)</b>		0	<b>4,635,000</b>		<b>4,635,000</b>		
		Application of budgetary resources							
		Category B Projects							
6011		Agricultural Mgmt. Assistance (Financial Assistance)			3,676,482		3,676,482		
6012		Farm Security and Rural Investment Programs (Technical Assistance)			958,518		958,518		
6190		<b>Total budgetary resources available</b>		0	<b>4,635,000</b>		<b>4,635,000</b>		

See Approval Info tab for OMB approval information

Submitted: David Lippold, Director, Budget Control and Analysis Division Date: October 22, 2014

**OMB Approved this apportionment request using  
the web-based apportionment system**



**Mark Affixed By:** Janet Irwin  
Deputy Associate Director for Natural Resources

**Signed On:** 2014-10-22 13:19

**File Name:** 15-AP-NRCS-2 rev.xlsx

**Sent By:** Darlene Fleming

**Sent On:** 2014-10-22 13:37

**TAF(s) Included:** 12-1004 \2015

## Comprehensive Nutrient Management Plans

Mr. Aderholt: How many comprehensive nutrient management plans has NRCS completed since 2002? How many were completed in fiscal year 2014 and are estimated to be completed in fiscal year 2015?

Response: NRCS has completed approximately 54,614 comprehensive nutrient management plans (CNMPs) since 2002. Of these, 1,507 were completed in 2014. The estimated number of CNMPs to be completed in fiscal year 2015 is 2,012.

## NRCS Personnel

Mr. Aderholt: Please provide a table showing the number of NRCS personnel assigned to headquarters, States, national centers, and any other offices.

Response: The table below displays the number of NRCS personnel assigned to National Headquarters (NHQ), States, national centers and other offices. The numbers below reflect all active employees, including permanent full time and part time personnel.

[The information follows:]

NRCS Personnel Assigned to Various Locations (as of February 2015)

Location	Number	Percent
State/Field Offices	9,450	92
NHQ <sup>1/</sup>	531	5
National Centers and Other	355	3
Total	10,336	100

<sup>1/</sup>NHQ includes: National Employee Development Center and Information Technology Center.

## National Centers

Mr. Aderholt: Please provide a list of the national centers, including location, funding and staff levels associated with each center for fiscal years 2008 through 2015 and anticipated for fiscal year 2016.

Response: The information is provided for the record.

[The information follows:]

## National Centers

National Center Name	Location	Funding (Dollars in Thousands)										
		FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15 Est.	FY16 Est.		
National Employee Development Center	Fort Worth, Texas	\$2,870	\$3,149	\$5,342	\$5,672	\$4,980	\$2,405	-	-	-	-	-
National Soil Survey Center <sup>1/</sup>	Lincoln, Nebraska	8,232	7,607	11,406	11,987	11,748	9,572	10,024	6,998	6,998	-	-
National Water and Climate Center	Portland, Oregon	3,559	2,573	2,774	2,789	3,806	2,914	3,890	2,082	2,082	-	-
Agricultural Wildlife Conservation Center <sup>2/</sup>	Madison, Mississippi	1,635	1,458	2,193	360	-	-	-	-	-	-	-
National Design, Construction Soil Mechanics Center	Fort Worth, Texas	3,059	2,799	3,276	3,138	3,140	2,478	2,809	2,745	2,745	-	-
National Soil Mechanics Center	Lincoln, Nebraska	1,485	1,459	1,459	1,599	1,667	1,425	1,572	1,680	1,680	-	-
National Water Management Center	Little Rock, Arkansas	2,110	2,062	1,830	1,825	1,925	1,551	1,179	1,345	1,345	-	-
National Plant Data Center <sup>3/</sup>	Baton Rouge, Louisiana	1,127	812	267	-	-	-	-	-	-	-	-
National Geospatial Development Center <sup>4/</sup>	Morgantown, West VA	2,902	1,997	188	-	-	-	-	-	-	-	-
National Technology Support Center - Central <sup>5/</sup>	Fort Worth, Texas	4,939	5,373	5,370	4,899	5,340	4,443	4,472	4,050	4,050	-	-
National Technology Support Center - East <sup>6/</sup>	Greensboro, North Carolina	4,530	4,860	4,870	4,744	4,391	3,708	3,722	3,612	3,612	-	-

National Center Name	Location	Funding (Dollars in Thousands)										
		FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15 Est.	FY16 Est.		
National Geospatial Center Of Excellence /	Fort Worth, Texas	7,632	8,421	11,584	6,563	7,473	8,498	56,078	84,779	\$4,779	\$4,779	
Wildlife Habitat Management Center <sup>2/</sup>	Fort Worth, Texas	334	-	-	-	-	-	-	-	-	-	
East Remote Sensing Laboratory	Greensboro, North Carolina	8,302	1,248	1,736	2,392	2,467	2,550	2,445	2,286	2,286		
Central Remote Sensing Laboratory	Fort Worth, Texas	1,487	1,466	2,602	3,378	3,347	3,216	3,259	3,298	3,298		
West Remote Sensing Laboratory	Portland, Oregon	727	6,684	1,280	1,703	1,844	1,662	1,543	1,523	1,523		
National Centers Servicing Units <sup>3/</sup>	Fort Worth, Texas	2,653	2,932	2,968	2,958	2,667	-	-	-	-		
National Information Technology Center <sup>4/</sup>	Fort Collins, Colorado	7,373	15,353	26,991	25,546	38,935	8,109	-	-	-		
National Technology Support Center - West	Portland, Oregon	6,084	6,007	5,921	6,075	6,141	5,367	4,825	4,749	4,749		

National Center Name	Location	Staff Levels										
		FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15 Est.	FY16 Est.		
National Employee Development Center	Fort Worth, Texas	17	17	20	22	31	29	-	-	-	-	
National Soil Survey Center <sup>1/</sup>	Lincoln, Nebraska	61	61	69	78	80	73	69	69	69	69	
National Water and Climate Center	Portland, Oregon	18	19	19	18	18	17	16	16	16	16	
Agricultural wildlife Conservation Center <sup>2/</sup>	Madison, Mississippi	4	5	5	5	-	-	-	-	-	-	
National Design, Construction Soil Mechanics Center	Fort Worth, Texas	20	20	18	19	21	16	16	16	16	16	
National Soil Mechanics Center	Lincoln, Nebraska	17	16	15	17	17	14	14	16	16	16	
National Water Management Center	Little Rock, Arkansas	15	15	12	13	13	11	9	10	10	10	
National Plant Data Center <sup>3/</sup>	Baton Rouge, Louisiana	5	5	2	-	-	-	-	-	-	-	
National Geospatial Development Center <sup>4/</sup>	Morgantown, West VA	7	7	1	-	-	-	-	-	-	-	
National Technology Support Center - Central <sup>5/</sup>	Fort Worth, Texas	30	35	34	32	31	27	26	26	26	26	
National Technology Support Center - East <sup>6/</sup>	Greensboro, North Carolina	27	30	29	29	28	24	25	25	25	25	
National Geospatial Center Of Excellence <sup>7/</sup>	Fort Worth, Texas	69	59	56	49	46	41	41	41	41	41	

National Center Name	Location	Staff Levels												
		FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15 Est.	FY16 Est.				
Wildlife Habitat Management Center <sup>1/</sup>	Fort Worth, Texas	2	-	-	-	-	-	-	-	-	-	-	-	-
East Remote Sensing Laboratory	Greensboro, North Carolina	8	8	24	38	38	34	31	31	31	31	31	31	31
Central Remote Sensing Laboratory	Fort Worth, Texas	14	14	34	50	48	40	43	43	43	43	43	43	43
West Remote Sensing Laboratory	Portland, Oregon	5	6	16	25	25	20	19	19	19	19	19	19	19
National Centers Servicing Unit <sup>2/</sup>	Fort Worth, Texas	25	25	23	24	24	-	-	-	-	-	-	-	-
National Information Technology Center <sup>3/</sup>	Fort Collins, Colorado	42	36	33	40	62	41	-	-	-	-	-	-	-
National Technology Support Center - West	Portland, Oregon	39	37	38	39	39	31	30	30	30	30	30	30	30

<sup>1/</sup> National Soil Survey Center includes funding and staff levels for the Geospatial Development Center in Morgantown, WV during FY 2011 and FY 2012; however, the employees are located in West Virginia.

<sup>2/</sup> The Agricultural Wildlife Conservation Center was not fully funded in FY 2011. Amount was for expenses through March 18, 2011. The Center employees have been reassigned to headquarters.

<sup>3/</sup> The National Plant Data Center merged into National Technology Support Center - East beginning in FY 2010 with completion in FY 2011.

<sup>4/</sup> National Geospatial Development Center in Morgantown, WV is supported through the National Soil Survey Center includes funding and staff levels during FY 2011 and FY 2012. Employees are located in West Virginia.

<sup>5/</sup> In FY 2008 through FY 2011, NRCS assigned one staff position, National Agro forester, from the Central National Technology Support Center (Lincoln, Nebraska) to the USDA National Agroforestry Center (NAC) (Lincoln, Nebraska.) The NAC facility is owned and operated by the USDA Forest Service, but the agroforestry technology transfer program is a partnership between NRCS and the Forest Service.

<sup>6/</sup> The East National Technology Support Center include funding and staff levels for the National Plant Data Center for FY 2011; they were merged effective FY 2011.

<sup>7/</sup> This center's name changed from the National Geospatial Management Center to the National Geospatial Center of Excellence in FY 2013.

\*/ Due to changes to the NCSU organizational structure, based on the approved National Headquarters reorganization effective May 6, 2013, a separate chart will not be presented.

\*/ Increased funds for NITC are related to funding and management of Information Technology initiatives for the agency that are being centralized to NITC.

National Technology Support Centers

Mr. Aderholt: Please provide a list of the national technology support centers, including their location, funding and staff levels associated with each center, for fiscal years 2008 through 2015 and anticipated for 2016.

Response: The information is provided for the record.

[The information follows:]

National Technical Support Centers (NTSC)  
(Dollars in Thousands)

NTSC Name	Location	Funding									
		FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	
West NTSC	Portland, Oregon	\$6,084	\$6,007	\$5,921	\$6,075	\$6,141	\$5,367	4,825	4,749	4,749	
Central NTSC <sup>1/</sup>	Ft. Worth, Texas	4,939	5,373	5,370	4,899	5.34	4,443	4,472	4,050	4,050	
East NTSC <sup>2/</sup>	Greensboro, North Carolina	4,530	4,860	4,870	4,744	4,391	3,708	3,722	3,612	3,612	

NTSC Name	Location	Staff Level									
		FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	
West NTSC	Portland, Oregon	39	37	38	39	39	31	30	30	30	
Central NTSC <sup>1/</sup>	Ft. Worth, Texas	30	35	34	32	31	27	26	26	26	
East NTSC <sup>2/</sup>	Greensboro, North Carolina	27	30	29	29	28	24	25	25	25	

<sup>1/</sup> In FY 2008 through FY 2011, NRCS assigned one staff position, National Agro forester, from the Central National Technology Support Center (Lincoln, Nebraska) to the USDA National Agroforestry Center (NAC), (Lincoln, Nebraska). The NAC facility is owned and operated by the USDA Forest Service, but the agroforestry technology transfer program is a partnership between NRCS and the Forest Service. Funding and staff level for this position are included in the table.

<sup>2/</sup> East NTSC includes funding and staff levels for the National Plant Data Center for FY 2011 which was merged with the East NTSC in FY 2011.

## Plant Materials Centers

Mr. Aderholt: Please provide a list of all Plant Materials Centers, including location, funding and staff levels for fiscal years 2008 through 2015 and anticipated for fiscal year 2016.

Response: The information is provided for the record. Plant Materials Center (PMC) operating costs and staff levels or Full Time Employees (FTE) for fiscal years (FY) 2008 through 2014 are actuals, and FY 2015 and FY 2016 are estimates. Operating Costs include staff costs, normal operating expenses, equipment maintenance and replacement, and facility maintenance and upgrades.

[The information follows:]

PLANT MATERIAL CENTERS OPERATING COSTS AND FTES  
 FY 2008 - 2014 Actual, and FY 2015 and 2016 Estimates  
 (Dollars in Thousands)

PMC Location	2008		2009		2010		2011		2012		2013		2014		2015		2016	
	Cost	FTE																
Tucson, Arizona	\$274	3	\$349	2	\$324	3	\$559	4	\$389	4	\$352	4	\$423	4	\$316	3	\$370	3
Boonsville, Arkansas	246	3	321	3	290	4	336	3	353	4	357	4	363	4	363	3	360	3
Lockeford, California	318	3	390	4	430	3	514	3	552	3	410	2	284	3	488	3	380	4
Brooksville, Florida	290	3	389	4	363	5	448	5	334	4	458	3	329	3	433	3	350	3
Americus, Georgia	271	3	391	3	316	3	360	3	239	2	237	2	159	1	243	2	320	3
Molokai, Hawaii	348	3	421	4	401	4	360	3	388	3	326	3	350	3	368	3	370	3
Aberdeen, Idaho	382	5	460	4	378	4	359	4	509	3	405	4	400	3	358	4	370	4
Manhattan, Kansas	373	6	442	6	430	6	460	6	342	4	345	4	348	3	328	3	350	3
Golden Meadow, Louisiana	280	5	357	5	360	4	356	4	310	4	329	4	314	3	398	3	320	3
Beltsville, Maryland	535	4	434	4	472	4	530	4	486	4	494	4	424	4	536	5	430	4
East Lansing, Michigan	302	3	370	3	324	4	330	4	315	4	357	4	280	3	298	2	340	3
Coffeenville, Mississippi	259	4	277	3	239	3	268	3	251	3	198	2	174	2	368	3	340	3
Elberry, Missouri	302	4	329	4	359	4	400	4	339	5	327	3	320	3	656	2	340	3
Bridger, Montana	357	4	409	3	351	3	365	3	366	3	348	3	341	3	383	4	370	3
Fallon, Nevada	342	3	287	3	286	3	233	2	150	2	199	2	201	3	223	2	340	3
Cape May, New Jersey	278	3	328	4	308	3	410	3	350	4	390	4	392	4	398	4	380	3

PMC Location	2008		2009		2010		2011		2012		2013		2014		2015		2016	
	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE
Los Lunas, New Mexico	364	3	415	4	344	4	388	4	375	4	380	4	386	4	368	4	380	3
Big Flats, New York	318	3	390	5	342	4	368	4	325	3	321	3	311	3	308	3	350	3
Bismarck, North Dakota	412	6	501	7	472	6	492	4	424	6	416	5	444	5	393	5	430	4
Corvallis, Oregon	337	3	409	4	352	3	431	3	355	4	353	4	299	3	343	3	340	3
Texas (3 Centers)	1,008	11	1,207	10	1,010	9	1,191	8	940	6	1,011	9	1,003	6	961	7	1,020	7
Pullman, Washington	297	4	360	3	319	4	293	4	320	3	338	3	312	4	323	3	340	3
Alderson, West Virginia	279	3	357	3	274	3	247	3	309	3	284	3	297	3	293	3	340	3
Other NRCS <sup>1</sup>	2,668	10	2,592	6	2,735	5	1,464	4	534	3	276	2	503	0	828	0	140	0
Sub-total, NRCS Locations	10,840	102	12,195	101	11,488	98	11,202	92	9,295	88	8,911	85	8,657	77	9,976	77	9,070	77

Operated by Cooperating Agencies of other with NRCS Assistance

PMC Location	2008		2009		2010		2011		2012		2013		2014		2015		2016	
	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE
Palmer, Alaska	262	na	95	na	54	na	81	na	50	na	0	na	0	na	245	na	50	na
Meeker, Colorado	233	na	242	na	210	na	231	na	172	na	69	na	66	na	70	na	50	na
Subtotal, Others	495	na	337	na	264	na	312	na	222	na	69	na	66	na	315	na	100	na
Total	11,235	102	12,532	101	11,752	98	11,514	92	9,517	88	8,980	85	8,723	77	10,291	77	9,170	77

<sup>1</sup> "Other NRCS" is funding used for agency operations, Congressional earmarks, or special plant materials activities.

## GIS Activities

Mr. Aderholt: How much funding was spent on GIS activities in fiscal years 2008 through 2015?

Response: The information is provided for the record. There are five major components to the NRCS Enterprise GIS Program: Hardware, Software, Data, People, and Procedures. The National Geospatial Center of Excellence tracks NRCS Enterprise Geospatial investments.

[The information follows:]

Contributions to Positioning, Navigation, and Timing (PNT), Enterprise GIS Software & Acquisition of  
Geospatial Data  
(Dollars in millions)

YEAR	GPS Mobile Devices and Enterprise GIS Software PNT GPS	Geospatial Digital Data Imagery and Elevation Environmental Systems Research Institute (ESRI) <sup>1/</sup>	ERDAS Imagine	NRI Imagery	Stewardship Lands Imagery (SLI)	Imagery National Agricultural Image Program (NAIP) Satellite	Elevation Interferometric Synthetic Aperture Radar (IFSAR) Light Detection and Ranging (LiDAR)
2008	\$2.42	\$1.95	adhoc	\$7.34	\$0.965	\$0.530	\$0.682
2009	4.61	2.65	adhoc	7.03	0.779	2.177	1.103
2010	6.38	2.65	\$0.152	7.04	1.558	2.430	10.767
2011	3.18	2.65	0.209	7.24	1.811	1.910	2.079
2012	2.62	2.65	0.211	7.60	2.016	1.861	7.176
2013	3.93	2.65	0.211	7.58	2.246	1.375	2.300
2014	0.753 <sup>2/</sup>	2.65	0.213	6.87	2.599	1.710	3.452 <sup>3/</sup>
2015	0.5 <sup>4/</sup>	2.85	0.246	7.63 <sup>5/</sup>	3.49 <sup>6/</sup>	1.9	1.77 <sup>7/</sup>

<sup>1/</sup>The approximate amount NRCs Share of ESRI Enterprise License Agreement.

<sup>2/</sup>PNT Global Positioning Systems includes initiative money and estimated expenditures by the States.

<sup>3/</sup>IFSAR = \$ .450 and LiDAR = \$3.00

<sup>4/</sup>PNT GPS for FY 2015 is only initiative money/State totals not available until end of year.

<sup>5/</sup>FY15 NRI projection

<sup>6/</sup>FY15 SLI projection

<sup>7/</sup>FY15 = \$1.573 LiDAR and \$ .200 IFSAR

## Environmental Quality Incentives Program (EQIP)

Mr. Aderholt: How much funding was allocated to livestock concerns through the Environmental Quality Incentives Program for fiscal years 2014 (actual) and 2015 (estimated)?

Response: NRCS allocated \$571,698,913 in fiscal year 2014 to livestock concerns, 62 percent of the Environmental Quality Incentives Program (EQIP) funding, and estimates that \$561,650,000, or 60 percent, will be allocated to livestock concerns in fiscal year 2015. Please see chart below.

[The information follows:]

## EQIP Livestock Related Contract Obligations

Fiscal Year	Financial Assistance Allocated for Livestock Concerns	Percent Allocated to Livestock
2014 Actuals	\$571,698,913	62%
2015 Estimated	561,650,000	60%

Data Source: Protracts 10/5/2014

Mr. Aderholt: How many new conservation practices were installed or implemented through the Environmental Quality Incentives Program in fiscal years 2008 through 2014?

Response: NRCS provided technical assistance and financial assistance to producers to install or implement 1,309,408 new conservation practices through the Environmental Quality Incentives Program in fiscal years 2008 through 2014.

## Conservation Security

Mr. Aderholt: For the Conservation Security Program, please provide the total number of existing contracts, including the funding associated with them, their location (State), the number of years remaining on the contracts and the total estimated payments.

Response: The total number of existing contracts, including the funding associated with them, their location (State), the number of years remaining on the contracts and the total estimated payments are identified in the table below.

[The information follows:]

## Conservation Security Program Existing Contracts for FY 2013 to FY 2017

State	2013		2014		2015		2016		2017		Total Number of Contracts	Total Dollars Obligated
	No.	Dollars Obligated										
Alabama	-	-	1	\$261,880	38	\$5,607,962	-	-	-	-	39	\$5,869,842
Alaska	-	-	-	-	4	136,227	-	-	-	-	4	136,227
Arizona	-	-	-	-	2	538,714	-	-	-	-	2	538,714
Arkansas	-	-	35	4,777,393	51	5,402,705	1	\$161,681	-	-	87	10,341,779
California	-	-	3	493,190	47	4,179,233	38	3,980,746	-	-	88	8,653,169
Colorado	-	-	1	89,096	126	14,473,341	-	-	-	-	127	14,562,437
Connecticut	-	-	-	-	9	247,581	-	-	-	-	9	247,581
Delaware	-	-	2	53,682	16	2,381,028	-	-	-	-	18	2,434,710
Georgia	-	-	1	448,786	53	5,729,868	-	-	2	\$131,488	56	6,310,142
Hawaii	-	-	-	-	5	693,214	-	-	-	-	5	693,214
Idaho	-	-	-	-	181	33,726,203	1	305,248	-	-	182	34,031,451
Illinois	-	-	-	-	38	3,220,335	-	-	1	77,523	39	3,297,858
Indiana	-	-	1	70,525	50	3,424,984	-	-	2	39,360	53	3,534,869
Iowa	-	-	5	577,914	94	6,088,416	-	-	6	261,801	105	6,928,131
Kansas	-	-	17	3,018,115	33	2,747,566	-	-	1	40,376	51	5,806,057
Kentucky	-	-	-	-	19	832,543	1	115,765	-	-	20	948,308
Louisiana	-	-	-	-	-	-	-	-	3	90,537	3	90,537
Maine	-	-	-	-	25	1,225,021	-	-	-	-	25	1,225,021
Maryland	-	-	1	247,299	103	8,388,669	-	-	6	250,861	110	8,886,829
Massachusetts	-	-	-	-	-	-	-	-	3	14,544	3	14,544
Michigan	-	-	18	1,952,022	102	9,474,571	-	-	3	255,339	123	11,681,932
Minnesota	-	-	-	-	14	1,269,266	1	80,527	-	-	15	1,349,793
Mississippi	-	-	1	17,666	19	1,331,565	-	-	-	-	20	1,349,231
Missouri	-	-	25	6,099,004	264	19,712,199	-	-	7	212,648	296	26,023,851
Montana	-	-	2	579,756	49	9,073,489	-	-	3	777,371	54	10,430,616
Nebraska	-	-	2	491,908	357	35,397,389	5	558,011	47	4,860,147	411	41,307,455

State	2013		2014		2015		2016		2017		Total Number of Contracts	Total Dollars Obligated
	No.	Dollars Obligated	No.	Dollars Obligated	No.	Dollars Obligated	No.	Dollars Obligated	No.	Dollars Obligated		
Nevada	-	-	-	-	2	259,426	-	-	-	-	2	259,426
New Jersey	-	-	-	-	11	807,896	-	-	-	-	11	807,896
New York	-	-	1	17,627	2	139,461	-	-	1	72,206	4	229,294
North Carolina	-	-	1	20,648	1	84,379	-	-	-	-	2	105,027
North Dakota	-	-	3	613,448	73	14,427,149	-	-	6	1,109,428	82	16,150,025
Ohio	3	\$639,861	3	1,174,182	333	29,244,321	-	-	4	485,126	343	31,543,490
Oklahoma	-	-	1	1,798	391	19,633,135	-	-	2	34,163	394	19,669,096
Oregon	-	-	5	1,377,991	92	17,507,292	-	-	-	-	97	18,885,283
Pacific Island Area	-	-	-	-	5	177,286	-	-	-	-	5	177,286
Pennsylvania	-	-	2	45,165	35	1,911,477	-	-	2	12,005	39	1,968,647
Rhode Island	-	-	-	-	3	59,225	-	-	-	-	3	59,225
South Carolina	-	-	7	406,804	44	5,835,633	-	-	-	-	51	6,242,437
South Dakota	-	-	1	64,601	31	4,424,956	-	-	2	460,467	34	4,950,024
Tennessee	-	-	-	-	34	1,561,595	-	-	-	-	34	1,561,595
Texas	-	-	5	743,648	8	1,760,277	-	-	-	-	13	2,503,925
Utah	-	-	-	-	72	12,871,346	-	-	1	170,192	73	13,041,538
Vermont	-	-	-	-	-	-	-	-	1	60,978	1	60,978
Virginia	-	-	2	54,766	15	530,696	-	-	-	-	17	585,462
Washington	-	-	8	2,060,652	36	2,323,426	-	-	4	486,383	48	4,870,461
West Virginia	-	-	1	56,483	54	1,575,992	-	-	1	11,397	56	1,643,872
Wisconsin	-	-	-	-	120	6,396,067	-	-	1	36,146	121	6,432,213
Wyoming	-	-	1	21,964	55	5,270,773	-	-	-	-	56	5,292,737
Total	3	639,861	156	25,838,013	3,116	302,103,897	47	5,201,978	109	9,950,486	3,431	343,734,235

Data Source: Protracts July 7, 2014

## Conservation Stewardship

Mr. Aderholt: Please provide the number of acres per year that have been enrolled in the Conservation Stewardship Program? How many will be enrolled in fiscal year 2015 and estimated in fiscal year 2016? What is the average cost per acre of all enrolled contracts? What is the average acreage enrolled per farm?

Response: The Agricultural Act of 2014 (2014 Farm Bill) authorizes enrollment of 10 million new acres annually in the Conservation Stewardship Program. However, the authority to enroll new acres in the program was limited to 7.741 million acres in FY 2015 (section 716(3) of the Consolidated and Further Continuing Appropriations Act, 2015) and the President's budget request proposes limiting the program to 7 million new acres in FY 2016. Prior year information is displayed in the table below.

[The information follows:]

Conservation Stewardship Program Acres Enrolled

Fiscal Year	No. of Contracts	Acres	Average Cost Per Acre (FA only)	Average Acreage Per Contract
2010	19,804	25,164,328	\$13	1,222
2011	9,448	12,750,676	15	1,321
2012	8,932	12,109,876	14	1,345
2013	6,992	9,519,371	13	1,361
2014	7,631	9,598,222	15	1,258
Total	52,807	69,142,473	-	-

Mr. Aderholt: How much funding was allocated to maintain existing practices and how much was allocated for new practices in fiscal year 2014 for the Conservation Stewardship Program? How much is estimated to be allocated for these purposes in fiscal year 2015 and 2016?

Response: The table below identifies the financial assistance amount of funding allocated to existing practices and new practices in 2014 (actual), 2015 (estimated) and 2016 (estimated).

[The information follows:]

CONSERVATION STEWARDSHIP PROGRAM PRACTICES

Practices	2014 Actuals	2015 Estimate	2016 Estimate
Existing	\$63,008,844	\$41,360,000	\$84,000,000
New	77,010,810	62,040,000	56,000,000

Data Source: NRCS Protracts 10/5/2014. Note: The ratio between new practices to existing was 45:55 in fiscal year 2014 of a total of \$140,019,654 in financial assistance. In 2015, the estimated ratio split is 40:60 of a total of \$103.4 million in financial assistance. In 2016, the estimated ratio split is 40:60 of a total \$140 million in financial assistance.

## Wetlands Reserve Program

Mr. Aderholt: Please provide a summary of the Wetlands Reserve Program over the life-time of the program. Include information on the cumulative total number of acres enrolled in permanent easements, 30-year easements, 30-year agreements with Tribes, and restoration cost-share agreements. Please also show the technical assistance cost associated with each and the average cost of permanent easements, 30-year easements, 30-year agreements with Tribes, and restoration cost-share agreements.

Response: The Wetlands Reserve Program (WRP) was in effect from 1992-2014. The program was repealed and program purposes were incorporated into the Agricultural Conservation Easement Program (ACEP) with the passage of the Agricultural Act of 2014.

The total WRP technical assistance obligated to the States from fiscal year 2002-2014 is approximately \$375.8 million. NRCS does not collect data regarding technical assistance costs associated with each enrollment type nor data regarding due diligence and other acquisition associated costs by enrollment type. The data below reflects financial assistance funds obligated by enrollment type through WRP and also includes data for the Emergency Wetlands Reserve Program (EWRP). Through recent NRCS audit remediation activities the total acres of EWRP enrollments have been corrected, so a slight adjustment in total cumulative acres may occur. The information is provided for the record.

[The information follows:]

Wetlands Reserve Program Cumulative Data (Fiscal Year 1992 - 2014)		
Agreement Type	Cumulative Total Acres Enrolled	Average Cost per Agreement <sup>1/</sup>
Permanent Easements <sup>2/</sup>	2,195,503	\$442,000
30-Year Easements	448,477	178,000
30-Year Contracts with Tribes <sup>3/</sup>	2,915	-
Restoration Cost Share Agreements (not associated with an Easement)	118,031	145,000
Total	2,764,926	-

<sup>1/</sup>Amounts reflect the financial assistance funds and do not include funds allocated for technical assistance, due diligence, and acquisition costs associated with agreements.

<sup>2/</sup>Includes Emergency Wetlands Reserve Program (EWRP) data.

<sup>3/</sup>Cumulative financial data to distinguish between 30-year contracts with Tribes and 30-year easements is not available.

## Wetlands Reserve Program

Mr. Aderholt: Please provide a chart showing WRP enrollments, including acres, contracts and associated funding by State over the history of the program.

Response: The Wetlands Reserve Program (WRP) was enacted in 1992 and repealed in 2014. Program purposes were included in the Agricultural Conservation Easement Program - Wetlands Reserve Easement component (ACEP-WRE) through the Agricultural Act of 2014. Total numbers, acres, and associated funding for the WRP is included in the table below. This information is provided for the record.

[The information follows:]

WRP Enrollment, Acres, and Associated Costs (Dollars in thousands)					
State	Number of Agreements <sup>1/</sup>	Acres <sup>1/</sup>	Financial Assistance <sup>2/</sup>	Technical Assistance <sup>2/</sup>	
Alabama	198	26,576	\$60,102		\$4,290
Alaska	1	16	89		275
Arizona	3	1,724	603		521
Arkansas	587	228,214	185,962		21,202
California	315	125,756	240,692		16,487
Colorado	103	19,645	21,217		3,133
Connecticut	14	898	2,062		702
Delaware	41	2,364	7,282		912
Florida	139	248,145	642,814		26,742
Georgia	111	39,583	54,734		4,046
Hawaii	7	346	5,156		826
Idaho	67	12,615	16,261		2,130
Illinois	324	68,883	99,515		9,904
Indiana	688	64,965	117,855		11,463
Iowa	847	91,584	209,364		16,736
Kansas	213	22,900	25,577		4,315
Kentucky	219	28,919	66,162		5,344
Louisiana	905	291,460	240,547		29,299
Maine	14	8,141	1,938		613
Maryland	130	14,743	38,938		3,239
Massachusetts	31	1,396	20,272		1,223
Michigan	463	40,613	73,188		8,322
Minnesota	979	116,407	212,208		20,958
Mississippi	582	176,326	144,549		17,968
Missouri	903	122,445	147,489		17,697
Montana	71	23,634	19,459		3,796
Nebraska	641	87,502	139,216		13,824

WRP Enrollment, Acres, and Associated Costs (Dollars in thousands)				
State	Number of Agreements <sup>1/</sup>	Acres <sup>1/</sup>	Financial Assistance <sup>2/</sup>	Technical Assistance <sup>2/</sup>
Nevada	9	10,899	15,556	738
New Hampshire	149	13,285	59,672	3,160
New Jersey	44	4,850	14,491	1,438
New Mexico	8	1,176	4,232	650
New York	1,278	54,336	50,921	13,286
North Carolina	125	51,703	94,344	7,633
North Dakota	705	119,202	125,202	11,912
Ohio	401	25,308	52,914	5,701
Oklahoma	293	64,280	56,766	8,074
Oregon	168	63,295	98,571	10,648
Pennsylvania	197	8,635	34,439	3,229
Puerto Rico	2	1,515	1,671	182
Rhode Island	8	1,729	3,166	598
South Carolina	245	69,736	77,018	7,014
South Dakota	724	73,698	100,255	10,378
Tennessee	304	45,770	96,383	7,250
Texas	173	95,782	115,780	15,334
Utah	20	7,365	4,825	1,079
Vermont	58	3,704	6,019	1,163
Virginia	63	2,335	6,192	1,306
Washington	196	27,110	49,563	5,940
West Virginia	32	587	1,691	1,146
Wisconsin	618	60,573	92,301	9,125
Wyoming	111	8,101	10,297	2,837
Grand Total	14,527	2,680,774	3,965,520	375,784

<sup>1/</sup>Total number of enrollments and acres is cumulative for WRP and includes data from 1992-2013.

<sup>2/</sup>Associated financial assistance and technical assistance costs are included for 2002-2013 fiscal years only.

## Wetlands Reserve Program

Mr. Aderholt: How many Wetlands Reserve Program contracts, including acres and associated costs, have been sold or transferred since the contract was first signed? How many contracts are held by States and organizations?

Response: As of March 17, 2015, the National Easement Staging Tool identifies 1,951 Agricultural Conservation Easement Program - Wetlands Reserve Easements (ACEP-WRE), including easements enrolled through the repealed Wetlands Reserve Program, with approximately 358,580 associated acres, that the original landowner has transferred the land encumbered by the WRE easement to a new landowner. Because no acquisition payments are received by a new landowner after the easement has been purchased, no associated costs have been identified. There are approximately 1,100 ACEP-WRE easements where the land is owned by State or local governments.

## Farm and Ranch Lands Protection Program

Mr. Aderholt: Please provide a similar summary for the Farm and Ranch Lands Protection Program.

Response: The Farm and Ranchland Protection Program (FRPP) was in effect from 1996-2014. The program was repealed and program purposes were incorporated into the Agricultural Conservation Easement Program (ACEP) with the passage of the Agricultural Act of 2014. The FRPP does not have enrollment options of 30-year easement, 30-year agreements with Tribes, and restoration cost-share agreements. Cumulative number of enrollments and acres for permanent FRPP Agreements is shown below. The average cost of a permanent FRPP easement over the life of the program is not available; however, the average cost in FY 2013 was \$862 per acre. The information is provided for the record.

[The information follows:]

FRPP Enrollment Summary Information				
	Number of Agreements <sup>1/</sup>	Parcel Acres <sup>1/</sup>	Financial Assistance <sup>2/</sup> (thousands)	Technical Assistance <sup>2/</sup> (thousands)
Cumulative Total <sup>3/</sup>	4,440	1,100,647	\$1,216,516	\$45,883

<sup>1/</sup>Cumulative FRPP number of agreements and acres are representative of the program life span 1996-2014.

<sup>2/</sup>FRPP financial and technical assistance costs associated with FRPP enrollments include year's 2002-2014 only.

<sup>3/</sup>Obligations represent State level only.

Enrollments: Cumulative FRPP information by State is available for enrollments and acres from fiscal years 1996-2014 and for financial and

technical assistance costs from fiscal years 2002-2014 as shown below. States showing financial and technical allocations with no enrollment information are reflective of adjustments that can occur due to cancellations or other adjustments over time. The information is provided for the record.

Cumulative enrollment information for the FRPP including number of Agreements, Acres, and associated costs.				
State Name	Number of Agreements <sup>1/</sup>	Parcel Acres <sup>1/</sup>	Financial Assistance <sup>2/</sup> (thousands)	Technical Assistance <sup>2/</sup> (thousands)
Alabama	32	5,987	\$6,837	\$466
Alaska	3	120	1,917	243
Arizona	5	2,796	2,765	155
Arkansas	-	-	154	50
California	91	30,031	45,649	1,501
Colorado	151	133,195	63,893	1,618
Connecticut	159	14,900	44,853	2,068
Delaware	305	39,781	49,756	1,165
Florida	28	24,132	39,651	915
Georgia	19	2,683	8,893	279
Hawaii	4	309	9,541	440
Idaho	22	15,200	8,958	363
Illinois	30	4,330	13,003	341
Indiana	-	-	1,000	24
Iowa	12	2,748	2,404	118
Kansas	46	40,915	9,688	326
Kentucky	201	33,466	29,365	1,190
Louisiana	-	-	27	20
Maine	45	7,712	13,303	554
Maryland	240	32,862	42,579	2,114
Massachusetts	289	19,277	65,303	2,376
Michigan	138	19,075	34,393	1,275
Minnesota	69	7,486	15,660	719
Mississippi	-	-	-	7
Missouri	3	252	4,314	208
Montana	57	76,622	31,864	955
Nebraska	15	38,430	6,715	239
Nevada	5	449	19,425	511
New Hampshire	144	9,128	31,091	1,420
New Jersey	246	21,999	74,448	2,845
New Mexico	19	26,341	6,621	257
New York	153	30,532	40,008	1,677
North Carolina	116	15,279	28,091	1,148
North Dakota	3	212	1,882	94
Ohio	293	49,454	52,849	2,143

Cumulative enrollment information for the FRPP including number of Agreements, Acres, and associated costs.				
State Name	Number of Agreements <sup>1/</sup>	Parcel Acres <sup>1/</sup>	Financial Assistance <sup>2/</sup> (thousands)	Technical Assistance <sup>2/</sup> (thousands)
Oklahoma	24	3,347	5,207	679
Oregon	5	15,908	2,545	157
Pennsylvania	457	60,209	53,871	2,591
Puerto Rico	-	-	-	7
Rhode Island	63	3,202	37,976	1,293
South Carolina	52	8,377	21,230	607
South Dakota	-	-	268	20
Tennessee	9	1,952	7,065	222
Texas	18	7,160	27,716	586
Utah	28	3,847	10,254	371
Vermont	338	63,805	35,962	2,177
Virginia	51	11,023	19,190	787
Washington	147	14,542	32,491	1,123
West Virginia	149	19,507	31,472	1,298
Wisconsin	96	15,109	20,403	1,010
Wyoming	60	166,956	103,966	3,131
Grand Total <sup>3/</sup>	4,440	1,100,647	1,216,516	45,883

<sup>1/</sup>Cumulative FRPP number of agreements and acres are representative of the program life span fiscal years 1996-2014. Agreement information is based upon the year in which projects were enrolled, adjustments occur due to cancellations or other adjustments.

<sup>2/</sup>FRPP financial and technical assistance costs associated with FRPP enrollments include fiscal years 2002-2014 only.

<sup>3/</sup>Obligations represent State level only.

**Contracts, Acres and Costs:** FRPP easements are held by States and organizations and are managed by those entities. Therefore, NRCS does not specifically track this information. Selling, assigning, or otherwise transferring a FRPP or ACEP-ALE would require an amendment to the deed. Under Deed Terms the Agricultural Land Easement can only be amended if the entity and NRCS determine the amendment is consistent with the purposes of the specific FRPP or ALE easement to be transferred and complies with all applicable laws and regulations. The entity must provide timely written notice to the agency of any proposed amendments.

There are 3,950 easements that have been acquired under FRPP. All FRPP/ACEP-ALE easements are held by States and organizations, as this is a program requirement. One exception to this exists in an FRPP easement in New Mexico whereby a Quit Claim Deed was executed and recorded by an organization, as Grantor, to the United States of America, Grantee. This Quit Claim transferred all interests in title of the conservation easement property to the United States of America, with Natural Resources Conservation Service (NRCS) being recognized as the administering agency. The United States Department of Agriculture's Office of the General Counsel (OGC) advised NRCS to sign the Quit Claim Deed.

## Healthy Forests Reserve Program

Mr. Aderholt: Please provide a status report on the Healthy Forest Reserve Program for fiscal year 2014. Please provide information on number of acres enrolled, location and associated costs. Are there any unobligated balances? If so, how much?

Response: During FY 2014, there were no additional Healthy Forests Reserve Program (HFRP) projects enrolled, as no funds were appropriated to HFRP in FY 2014. Instead, NRCS focused on continuing to provide technical assistance and program support for lands already enrolled in HFRP. The cumulative number of acres enrolled, the location, and associated costs of HFRP are provided in the table below. There are currently unobligated balances in HFRP of approximately \$2.5 million from prior years.

[The information follows:]

Cumulative Acres Enrolled and Associated Costs  
For the Healthy Forests Reserve Program by State through FY 2014  
(Dollars in Thousands)

State	Enrolled Acres	Associated Costs
Arkansas	313	\$141
California	22,715	1,864
Georgia	1,818	3,095
Indiana	1,231	3,408
Kentucky	5,074	4,561
Maine	630,326	309
Michigan	243	783
Mississippi	4,184	3,056
Ohio	100	379
Oklahoma	6,484	6,232
Oregon	2,227	15,424
Pennsylvania	1,303	2,094
South Carolina	913	1,027
Total	676,932	42,373

## Watershed and Flood Prevention Program

Mr. Aderholt: Please provide a status report on the Watershed and Flood Prevention Program. Please include a list of authorized projects, estimated costs per project and funding provided by State and local sponsors.

Response: The Watershed Protection and Flood Prevention Act of 1954 provides for cooperation between the Federal government, States and their political subdivisions in a program to prevent erosion, floodwater, and sediment damages; to further the conservation, development, utilization, and disposal of water; and to further the conservation and proper utilization of land in authorized watersheds.

The Watershed Program uniquely complements other USDA programs by assisting public entities to install measures that benefit multiple land users or entire communities and address natural resource needs in entire watersheds.

Background Information

The Watershed Program is being utilized by communities to address a variety of needs, including:

- Flood damage mitigation using floodwater-retarding dams and similar structural measures, floodplain easements, and flood proofing of homes and businesses;
- Agricultural water supply (including water for rural communities);
- Water quality;
- Water conservation;
- Groundwater recharge;
- Public fish and wildlife habitat; and
- Public water-based recreation.

The information is provided for the record. The listed project costs include project funds already expended and funds currently obligated in contracts and agreements. No new funding has been provided for this program since fiscal year 2010. Project sponsors continue to use federal funds previously obligated as cost-share match to these projects. The table below shows funds provided by sponsors.

[The information follows:]

Congressionally Designated - Active Watershed and  
Flood Prevention Operations Projects as of March 23, 2015

Authorized Project	Congressional District	Estimated Cost	Funding provided by Sponsor	Program
Apache-Junction Gilbert Power line	01-AZ, 06-AZ	\$19,017,100	\$10,240,000	PL-566
Lahaina Watershed	02-HI	4,655,000	6,448,000	PL-566
Lower Hamakua Ditch Watershed	02-HI	10,992,000	16,766,000	PL-566
Wailuka Alenaio Watershed	02-HI	1,609,000	112,000	PL-566
Upcountry Maui Watershed	02-HI	12,183,000	15,473,000	PL-566
Dupage County	06-IL, 14-IL	568,348	-	PL-566
Little Otter Creek	06-MO	7,050,000	1,859,000	PL-566
Buck and Duck Creeks	01-NE	1,045,669	1,219,119	PL-566
Neshaminy Creek	08-PA; 13-PA	75,950,000	46,650,000	PL-566
Attoyac Bayou	01-TX	8,077,403	5,008,348	PL-566
Dunloup Creek	03-WV	12,525,000	-	PL-566
Alameda	10-CA, 11-CA	2,674,000	-	PL-566
Dry Creek	04-CA	500,000	-	PL-566
East Locust CK	06-MO	12,676,000	12,400,000	PL-566
Elm Creek (1250) site 1A Rev.	17-TX, 31-TX	116,000	-	PL-566
Big Creek (Tri County) sites 16, 17, 18	17-TX, 31-TX	550,137	-	PL-566
Potomac - Lost River	02-WV	37,485,800	3,643,700	PL-534
Total		207,674,457	119,819,167	

## Watershed Rehabilitation Programs

Mr. Aderholt: Please provide a status report on the Watershed Rehabilitation program, including a list of proposed projects and estimated costs per project. Please include the total amount pending.

Response: Since 1948, local communities have constructed more than 11,900 watershed dams with assistance from NRCS. These dams provide flood control protection for America's communities and natural resources, but many also serve as primary sources of drinking water, recreation areas, and wildlife habitat. These projects have become an integral part of the communities they were designed to protect. Like highways, utilities, and other public infrastructure, these dams need to be maintained to protect public health and safety and to meet changing resource needs. The maintenance, repair and operation of the dams are the responsibility of local project sponsors.

Some communities that have been protected by these watershed dams are now more vulnerable to flooding because many of the dams have reached or will soon reach the end of their 50-year design life span. Currently, 3,724 watershed dams have reached the end of their designed life span. By 2016, this number will exceed 4,749. Time has taken its toll on many of the dams; spillway pipes have deteriorated and reservoirs have filled with sediment. More significantly, subdivisions and businesses have been built in areas that were once agricultural land. As a consequence, if a dam protecting these areas were to fail, the health and safety of those living downstream would be threatened, along with the community's drinking water source. A dam failure could have serious adverse environmental effects.

In FY 2015, total funding provided to Watershed Rehabilitation projects in the States is \$73,089,444, including discretionary funding appropriated in the Consolidated Appropriations Act, 2015, and mandatory funding provided by section 14(h)(1) of the Watershed and Flood Prevention Act (16 U.S.C. 1012(h)(1)). The unfunded watershed rehabilitation projects requested total \$117,270,462.

All projects eligible for funding through NRCS must meet the policy criteria set forth in the National Watershed Manual. The following table provides the projects that are authorized, including the estimated funding needed to complete the projects.

[The information follows:]

Watershed Rehabilitation Program  
Authorized Projects

Authorized Projects	Congressional District	Estimated Cost	Estimated Amount Pending
Muddy Fork Of Illinois River 1	AR-03	\$1,553,755	\$1,553,755
Magma	AZ-06	13,973,900	-
Apache Junction- Power line	AZ-06	5,150,000	-
Florence	AZ-01	2,720,500	-
Fredonia	AZ-01	3,926,600	-
Williams-Chandler, Rittenhouse	AZ-06	5,150,000	5,150,000
Williams-Chandler, Vineyard Rd.	AZ-06	5,150,000	-
Buckeye	AZ-02	17,437,900	-
White Tank Mountains 4	AZ-02	15,283,100	-
Dry Creek Dam F-4	CO-05	117,000	117,000
Coosa - Little River	GA-04, 07, 09	614,096	614,096
Spring Creek (Reno) R1	KS-04	1,151,000	-
Little Walnut-Hickory - 19	KS-04	3,126,464	3,126,464
Muddy Creek, 4-6	KS-04	408,962	408,962
Rock Creek (Butler) - 2	KS-04	2,398,568	2,398,568
South Sector Upper Walnut - 1	KS-04	1,738,600	1,738,600
North Sector Upper Walnut - 21	KS-04	7,392,884	7,392,884
North Sector Upper Walnut - 6	KS-04	2,398,568	2,398,568
Red Lick Cork - 1	KY-05, 06	443,500	443,500
Chiwapa Creek 65	MS-01	471,700	-
Su-As-Co 303	MA-03	2,423,000	-
Su-As-Co 304	MA-03	1,846,000	-
Su-As-Co 310	MA-03	4,462,000	-
Su-As-Co 311	MA-05	2,827,000	-
Richland Creek 2A	MS-03	1,538,000	-
Richland Creek 3	MS-03	1,538,000	-
Upper Turtle River - 9	ND-00	1,538,000	1,538,000
Tongue River, M-4	ND-00	8,538,000	-

Authorized Projects	Congressional District	Estimated Cost	Estimated Amount Pending
Big Indian Creek, 15-A	NE-01	84,700	-
Oak Middle Crk Tribs. of Salt Crk, 82B	NE-01	6,100,000	6,100,000
Wilson Crk, 8-H	NE-01	722,800	722,800
Upper Big Nemaha 25C	NE-01	945,000	-
Up. Salt & Swedeburg 3A	NE-01	1,954,000	-
Santa Cruz River 1	NM-03	3,000,000	3,000,000
Upper Gila Valley Arroyos 6	NM-02	1,231,000	1,231,000
Hatch Valley Arroyos 6	NM-02	769,000	-
Hackberry Draw - 2	NM-02	307,692	-
Conewango Crk, 13	NY-27	1,154,000	1,154,000
Little Choconut; Finch Hollow; & Trout B - 2A	NY-24	94,158	94,158
Little Choconut; Finch Hollow; & Trout B -2B	NY-24	168,626	168,626
Little Choconut; Finch Hollow; & Trout B - 2C	NY-24	112,899	112,899
Little Choconut; Finch Hollow; & Trout B - 2E	NY-24	280,470	280,470
Upper Hocking River 9	OH-07	663,800	663,800
Chippewa - VII C	OH- 14, 16	1,500,000	1,500,000
Caney-Coon Crk, 2	OK-02	3,392,000	3,392,000
Fourche Maline Creek 7M	OK-02	2,308,000	-
Upper Black Bear Creek 62	OK-03	3,077,000	-
Sallisaw Creek 32	OK-02	4,500,000	4,500,000
Sallisaw Creek 33	OK-02	500,000	-
Sallisaw Creek 34	OK-02	350,000	350,000
Sallisaw Creek 30	OK-02	2,300,000	2,300,000
Sallisaw Creek 28	OK-02	6,200,000	6,200,000
Sallisaw Creek 26	OK-02	2,206,600	2,206,600
Cottonwood Creek, 16	OK-03	2,600,000	2,600,000

Authorized Projects	Congressional District	Estimated Cost	Estimated Amount Pending
Cottonwood Creek, 54	OK-03	1,548,100	-
Quapaw - 15	OK-03	6,500,200	-
Upper Elk Crk, 23D	OK-03	2,000,000	2,000,000
Washita - Barnitz Creek 1	OK-03	2,170,800	-
Washita - Barnitz Creek 5	OK-03	1,700,000	-
Washita - Barnitz Creek 11	OK-03	1,341,700	-
Washita - Cobb Creek (Fast Runner) 10	OK-03	853,000	-
Washita Rock Crk, 15	OK-04	2,320,000	-
Washita Rock Crk, 16	OK-04	1,200,000	-
Little Washita, 26	OK-04	3,000,000	3,000,000
Greene-Dreher, 439	PA-10	2,037,681	2,037,681
Mill Run, 460	PA-03	820,956	820,956
Brandywine Creek Beaver Creek, 433	PA-06	2,308,000	-
Brandywine Creek Hybernica, 436-F	PA-06	2,500,000	-
Conneatville Dam - 112	PA-03	1,538,000	-
Pine Creek	TN-01	1,154,000	-
Mary's & Dand Creeks	TN-07	923,000	-
Calaveras Creek - 10	TX-28	3,442,800	-
Olimitos & Garcias Crks - 7	TX-28	2,571,100	-
Plum Creek 21	TX-27	3,200,000	3,200,000
Plum Creek 6	TX-25	3,975,500	-
Trinity - Mountain Creek 10	TX-06	4,164,300	-
Trinity - East Fork Above Lavon 2A	TX-03	3,333,000	3,333,000
Trinity River East Fork Above Lavon - 4	TX-03	3,898,600	-
Trinity Cedar Crk, 87A	TX-05	3,750,000	3,750,000
Martinez Creek 1	TX-28	2,809,800	-
Martinez Creek 2	TX-28	1,850,100	-
Martinez Creek 3	TX-28	1,729,300	-

Authorized Projects	Congressional District	Estimated Cost	Estimated Amount Pending
American Fork-Dry Creek Silver Lake	UT-03	3,846,000	-
American Fork-Dry Creek Tibble	UT-03	6,154,000	-
American Fork-Dry Creek, Battle	UT-03	138,375	138,375
American Fork-Dry Creek, Dry Crk	UT-03	6,900,000	6,900,000
American Fork-Dry Creek, Grove	UT-03	4,000,000	4,000,000
Ferron Mill Site	UT-02	4,615,000	4,615,000
Warner Draw Gypsum	UT-02	2,692,000	-
Warner Draw Stucki	UT-02	1,538,000	-
Warner Draw Ivins 1	UT-02	400,000	400,000
Warner Draw Ivins 2	UT-02	250,000	250,000
Warner Draw Ivins 3	UT-02	300,000	300,000
Warner Draw	UT-02	214,700	214,700
Potomac - South River 10A	VA-06	33,624,200	-
Potomac - Upper North River 10	VA-06	5,415,000	-
Potomac - Upper North River 77	VA-06	2,000,000	2,000,000
Pohick Creek 8	VA-11	2,677,000	-
Upper Deckers Creek 1	WV-01	9,547,000	-
Brush Crk - 14	WV-03	3,900,000	3,900,000
Wheeling Crk - 25	WV-01	6,800,000	6,800,000
North Fork Powder River - 1	WY-00	6,154,000	6,154,000
Total		331,644,054	117,270,462

## Grazing Lands

Mr. Aderholt: Please provide a table showing funding provided to grazing lands issues for fiscal years 2012 through 2014 (actual) and 2015 (estimated).

Response: The information is provided for the record. The table below provides the actual obligations in fiscal year 2012 through 2014 and the estimated obligations for fiscal year 2015 for grazing related conservation practices and activities for the listed programs. Funding levels shown do not include financial assistance dollars associated with Waste Management Systems.

[The information follows:]

Grazing Lands Funding

Program	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimated <sup>1/</sup>
AMA	\$444,264	\$494,605	\$476,054	\$485,329
AWEP	1,046,911	2,818,468	-	-
CBWI	6,052,783	6,279,669	-	-
EQIP	210,163,154	284,070,549	198,574,956	241,322,752
WHIP	11,954,174	23,178,308	449,060	-
CSP	32,210,722	29,534,135	28,906,551	29,220,343
GRP <sup>2/</sup>	3,288,423	6,320,631	1,281,788	-
ACEP-ALE-GSS	-	-	19,500,000	19,500,000
TOTAL	265,160,431	352,696,365	249,188,409	290,528,424

<sup>1/</sup>FY 2015 projection is average of FY 2013 and FY 2014 obligations for AMA, EQIP, and CSP.

<sup>2/</sup>GRP was repealed by the Agricultural Act of 2014; therefore obligations for new contracts were not authorized after February 7, 2014.

Mr. Aderholt: How many NRCS employees were dedicated to grazing lands issues in fiscal year 2014 and are estimated to be dedicated to them in fiscal year 2015?

Response: The information is provided for the record. The table below includes the number of NRCS specialists (rangeland management specialists, forage agronomists, and grassland specialists) at the end of 2014 and estimated for 2015 that are dedicated to working on grazing lands issues.

[The information follows:]

Fiscal Year	NRCS Specialists
2014	322
2015	297

Mr. Aderholt: How much did NRCS spend on highly erodible land and wetlands determinations and conservation compliance in fiscal years 2008 through 2015?

Response: NRCS conducts Food Security Act status compliance reviews each year on a random sample of cropland tracts. Tracts owned by USDA employees are added to the list of those to be reviewed. Fiscal year 2014 figures are not yet available; this response will be updated as that data does become available.

Compliance reviews are conducted on a yearly basis with a national sample of farm tracts provided to the States. The national sample of farm tracts is derived from computerized records maintained by the Farm Service Agency. The sample size is approximately one percent of the farm tracts that received a farm payment in the previous year and contain cropland. The tracts included in the sample set are provided to the States on January 1, and they can conduct the compliance review at any time during the year with the stipulation that the compliance review determinations must be available to National Headquarters by December 1.

Time spent conducting the compliance reviews does not represent the entirety of NRCS costs associated with wetland and highly erodible land determinations. Additional costs include managing and maintaining the software application, developing and updating policy, and providing training and oversight for reviews. However, NRCS does not track the cost of these activities.

The following table summarizes the total hours spent each year completing conservation compliance on selected cropland tracts. The reviews for fiscal year 2014 have not been completed to date.

[The information follows:]

Time Spent Conducting Compliance Reviews  
(All Types)<sup>2/</sup>

	2008	2009	2010	2011	2012	2013 <sup>1/</sup>
Hours	63,048	54,090	50,610	66,849	65,488	65,004
Cost	\$3,864,842	\$3,315,717	\$3,102,393	\$4,097,844	\$4,014,414	\$3,984,745

<sup>1/</sup>Cost figure is based on fiscal year 2012 cost estimates and assumes \$61.30 hourly rate based on the following: Average hourly salary for GS-11 step 5 (source: OPM general schedule tables for Rest of U.S.) plus estimate for benefits and non-salary support.

<sup>2/</sup>The numbers in the table do not include the time spent on HEL or Wetlands Determinations.

## Technical Assistance

Mr. Aderholt: How many Technical Service Providers (TSP) are registered with NRCS? How much funding is associated with TSPs?

Response: There are currently 2,253 Technical Service Providers certified by NRCS to assist producers in getting conservation on the land. NRCS obligated nearly \$49 million of technical and financial assistance funds in fiscal year 2014 into conservation agreements and landowner contracts associated with TSPs.

Mr. Aderholt: Please provide a summary, including information on personnel, hardware, software, applications, and telecommunications, of NRCS spending on Information Technology for fiscal years 2008 through 2015. What is anticipated for fiscal year 2016?

Response: NRCS expects to spend \$236 million on Information Technology (IT) in fiscal year 2016. Of this amount, \$11 million is for personnel, \$15 million is for Hardware, \$9 million is for Software, \$6 million for other government IT services, and \$194 million in total for Support Services. Telecommunication and application expenditures are included in Client Technology Services (CTS) (formerly known as ITS) and Other Support totals and cannot be broken out at this time. The table below itemizes IT spending for fiscal years 2008 through 2016.

[The information follows:]



## Staff Travel

Mr. Aderholt: Did any NRCS employees travel internationally in fiscal years 2014 and 2015 to date? If so, please describe the purpose of the trip, the associated cost and destination.

Response: Seventy-three NRCS employees traveled internationally in fiscal year 2014, and, as of February 2015, 24 employees have traveled during fiscal year 2015. International travel is for the following purposes: International Meeting (IM); Technical Assistance - Long Term (>6 months) (LT); Technical Assistance - Short Term (<6 months) (TDY); Scientific and Technical Exchange (STE); Trans Border Issues (Trans); and Training (TRN). The following tables provide the requested information on the purpose, associated total costs, and destinations for the trips.

[The information follows:]

## FY 2014

Country	Number	Total Cost	Type
Australia	2	0	IM
Canada	18	\$44,836	IM
Canada	2	2,600	Trans
Canada	1	387	TRN
China, People's Republic of	1	0	IM
Georgia	1	0	TDY
Haiti	21	36,369	TDY
Ireland	1	4,800	IM
Israel	1	0	TDY
Italy	3	8,085	IM
Jordan	1	0	TDY
Korea, South	8	44,305	IM
Mexico	2	4,500	IM
New Zealand	1	7,856	STE
Pakistan	8	0	TDY
South Africa	1	0	STE
South Africa	1	245	TDY
Total	73	153,983	

## FY 2015

Country	Number	Total Cost	Type
Canada	8	\$4,650	IM
Chile	1	2,000	TRN
China, People's Republic of	1	0	IM
Kenya	1	0	TDY
Mexico	3	7,478	TDY
Pakistan	7	0	TDY
Peru	2	10,000	IM
South Africa	1	0	IM
Total	24	24,128	-

Note: Travel at no cost to the agency was either reimbursed by the Foreign Agricultural Service or the host country.

## Staff Travel

Mr. Aderholt: How many NRCS employees are serving in foreign countries in fiscal year 2015? Please provide information on the purpose of the assignment, duration of the assignment and associated costs.

Response: Two NRCS employees will be serving in foreign countries in fiscal year 2015 (Federated States of Micronesia [FSM] and Republic of Palau). Under the Compact of Free Association, both countries are eligible to receive conservation technical assistance. One NRCS resource conservationist is on a three-year resident assignment to the FSM (March 2013 - March 2016). The employee advises and supports efforts of farmers and local government to address issues such as soil conservation and health, water quality degradation, or watershed impacts from forest clearing. Additionally, the NRCS employee also serves on the U.S. Embassy Country Team and works closely with the U.S. Peace Corps. The total cost to support the FSM resident assignment, which includes two locally employed staff and office space, is approximately \$554,000 per year.

NRCS is also currently recruiting for a resource conservationist to serve a three-year assignment in the Republic of Palau. The employee would have similar responsibilities as described above, but the overall scope would be smaller in size. The position remains vacant, since the previous resource conservationist completed his three-year assignment in December 2014, which cost approximately \$378,000 per year.

All costs include salaries, allowances, and benefits, factors in relocation, as well as additional expenses, such as State Department services, security, or office space for the FSM operation. Employees are required to sign a three-year service agreement in order for NRCS to fund their relocation.

## Conservation Delivery Streamlining Initiative

Mr. Aderholt: Please update the Committee on the Conservation Delivery Streamlining Initiative. What is the status of the initiative? What is the timeline for implementation? What efficiencies will be realized? How much will full implementation of the initiative cost? How much will it save? Is NRCS working with any other part of USDA to expand upon the CDSI model in other parts of the Department?

Response: In FY 2010, NRCS formally initiated an agency-wide effort called the Conservation Delivery Streamlining Initiative (CDSI). The Initiative's goal is to define and implement a more effective, efficient, and sustainable business model for delivering conservation technical and financial assistance. Three overarching objectives were identified:

- Simplify Conservation Delivery - Conservation delivery must be easier for both clients and employees.
- Streamline Business Processes - The new business model and processes must increase efficiency and be integrated across agency business lines.

- Ensure Science-based Assistance - The new business model must reinforce the continued delivery of science-based products and services.

CDSI is implementing five broad strategies under this effort: (1) redesigning NRCS business processes, (2) aligning its information technology with these redesigned processes, (3) integrating science technologies to enhance the quality and effectiveness of NRCS programs, (4) simplifying and standardizing the delivery of financial assistance, and (5) providing ways for clients to work with NRCS that are more convenient and efficient.

The CDSI effort, which first received funding in FY 2010, is in its sixth year. During FY 2011 through FY 2012, NRCS redesigned a number of business processes focused on conservation planning and financial assistance delivery. Pilots to evaluate new processes and technologies were conducted in FY 2012.

In October 2012, NRCS began testing the Conservation Desktop application-version one. NRCS released version one as Beta version to four offices in March 2013. As a result of the testing and piloting, it was determined by NRCS, and confirmed by an independent assessment, that version 1 of Conservation Desktop should not be released for field use. As a result, NRCS assessed and realigned its strategic path forward for both the Conservation Desktop and the Mobile Planning Tool. NRCS developed business and technology requirements for a revised version of the Conservation Desktop and Mobile Planning Tool. The design architecture for Conservation Desktop is currently being developed and software will be developed and deployed incrementally. In FY2014, NRCS implemented a newly designed National Plans and Agreements Database (NPAD), a critical first step in establishing a firm foundation on which to build the three components of CDSI: the Conservation Desktop, the Mobile Planning Tool, and the Client Gateway.

In early 2013, NRCS began design and development on the first version of its new Client Gateway, a secure, web-based application for clients to request technical assistance, apply for financial assistance conservation programs, view conservation plans and contracts, sign documents, request payments for practices that have been applied and certified, and much more. These features are available for NRCS clients 24 hours per day, seven days a week, without ever having to visit a NRCS office or make an appointment. In early FY 2015, NRCS deployed Client Gateway Version 1 to about 300 "early adopter" agricultural producers that are "Individual" entities. NRCS expects to make a full national deployment of the first version of the Client Gateway in the spring of 2015.

Also in early 2013, NRCS began the design of its mobile planning tool application. As part of the strategic realignment of NRCS' path forward for Conservation Desktop and Mobile Planning Tool, NRCS ended the initial Mobile Planning Tool design effort. As part of the new path forward, NRCS combined the Conservation Desktop and Mobile Planning Tool software design efforts. In late 2014, NRCS initiated this new combined architecture and software design effort which is scheduled to be completed in late FY 2015. The Mobile Planning Tool will add significant efficiency to NRCS's ability to deliver conservation assistance, and will allow NRCS staff to spend as much as 75 percent of their time in the field with clients, compared to the 20 percent to 40 percent often reported by field staff today.

NRCS clients will benefit from this effort by:

- Having to make fewer trips to the field office;
- Saving NRCS's program participants over 750,000 hours annually;
- Shortening the timeline between applying for a program and having a signed contract (target is two weeks or less when fully implemented);
- Speeding up practice installation;
- Ensuring rapid payments after a practice is applied; and
- Having access to on-demand, on-line service for many of the steps in conservation assistance.

NRCS will be more efficient and effective by:

- Reducing document handling and wasteful duplicate data entry;
- Reducing decision and approval times for plans and contracts;
- Increasing environmental benefits through higher quality plans;
- Improving access to best-available information and technology, and
- Aligning staff with the more efficient business processes.

The total planning and development cost for the Streamlining Initiative is \$122 million. Implementation and maintenance costs will increase with the national implementation of the first CDSI tools and processes, and total \$86 million through FY 2021. The total cost for the CDSI effort through FY 2023 is estimated at \$204 million.

NRCS estimates that, when fully implemented, CDSI will redirect over 1,500 staff years in the agency's state and field offices that are currently used for administering duplicative and burdensome administrative processes. These staff years can be refocused back on customer service and better planning and delivery of conservation assistance.

NRCS is working with others within USDA. At the encouragement and support from USDA, the agency is leading the planning, development and implementation of a USDA Client Gateway, modeled after the foundational components and success of the NRCS Client Gateway. There is both a short term and long term approach to collaborating and working across USDA.

The initial and short term plan includes working with Farm Service Agency and Risk Management Agency in the implementation of their Acreage Crop Reporting System Information (ACRSI) project. In FY 2015, NRCS will create a USDA Client Gateway portal, which would be hosted on USDA public web page, and leverage the successful Application Access Assistant (AAA) which streamlines and automates the process for customers requiring an eAuthentication account to access agency specific applications.

The USDA vision for the long term approach is to enable a single client gateway that will provide a simple and intuitive on-line experience for customers to gain access to USDA information and tools that support their engagement with the Department.

Objectives of the Long Term Approach include:

- Improve customer satisfaction through a single, common USDA experience
- Provide a consistent and convenient ability to access information, contacts and transact business with multiple USDA agencies;
- Intuitively navigate information based on their engagement with USDA programs;
- Reduce producer burden by providing common look and feel;
- Focus on customer needs, not individual agency missions and;
- Build foundation of shared service model for future strategic level solution and platform delivery "Shared Services"

The Client Gateway incrementally targets the following outcomes:

- Eliminate redundancy;
- Intuitive and single portal navigation to client information;
- Improve Customer Experience;
- Alignment of agency specific customer engagement user stories;
- Increase information electronically shared with USDA clients and customers;
- Demonstration of agency cooperation and collaboration with a shared customer base

NRCS is committed to CDSI and working with others across USDA, including the development of the USDA Client Gateway, following this NRCS proven process:

- Developing a business case;
- Develop business process models and a future state business architecture;
- Identifying and documenting business requirements;
- Developing a design and architecture to address the business requirements;
- Developing and implementing software.

NRCS will work with other agencies within USDA that wish to follow this successful process.

#### Conservation Delivery Streamlining Initiative

Mr. Aderholt: How much funding per year has been allocated to the Conservation Delivery Streamlining Initiative since it was initiated? How much more will be needed and for how many additional years?

Response: Allocations for CDSI were nearly \$7 million in FY 2013 and \$11 million in FY 2014. For FY 2015, NRCS will be requesting a total apportionment from OMB of \$24 million.

CDSI will require a total of \$162.5M over the next 7 years. The total planning and development cost for the Streamlining Initiative is \$98.6 million. Implementation and maintenance will increase with the national

implementation of the first CDSI tools and processes, and total an estimated \$74 million through FY 2023. The total cost for the CDSI effort through FY 2023 is an estimated \$204 million.

Conservation Effects Assessment Project (CEAP)

Mr. Aderholt: Please update the Committee on the Conservation Effects Assessment Project (CEAP). Please include a table that shows the amount of funding allocated to CEAP per year since it was initiated and how much will be expended in fiscal year 2015 and 2016.

Response: CEAP was established within USDA in 2003 to develop a scientific understanding and methodology for estimating the environmental effects of conservation practices on agricultural landscapes at national, regional, and watershed scales. CEAP is a multi-agency, multi-resource effort, and its scope includes building the science and information base needed to support conservation planning and implementation, management decisions, and policies.

In 2012, agency leadership approved a long-term work plan that projects CEAP support costs for the next seven years. This plan is predicated upon agency funding available to carry out these long-term plans and projects a funding level need of \$13.5 million for FY 2015 to cover the costs of collecting the information from farmers and statistical support. This funding increase is required to support data collection costs for updating the original cropland farmer survey conducted in the 2003 to 2006 timeframe (\$10.5 million), expand modeling efforts to include grazing lands, and to modify current CEAP modeling programs to represent conservation effects on wetlands and wildlife habitat on private working agricultural landscapes and estimate the benefits of conservation from the public and private sector (\$3 million). The new farmer survey will document conservation implementation progress and the associated environmental gains and impacts of conservation adoption since the timeframe of the initial survey. These surveys capture the individual efforts by the landowners at their expense, along with those conservation practices supported by local, State, and Federal conservation programs.

Budget. The information is provided for the record. The annual CEAP budget peaked at more than \$8.3 million in 2004 and 2007 but since has dropped to around \$5 million annually, about the same as initial-year funding (Table 1). The NRCS investment in CEAP, however has leveraged more than \$260 million in contributions from organizations, universities, State agencies, and other Federal agencies (Table 2). In all, more than 60 agencies and organizations are CEAP partners.

[The information follows:]

Table 1. NRCS CEAP expenditures, FY 2003-FY 2016  
(Dollars in Thousands)

Fiscal Year	Annual Funding
2003	\$5,396
2004	8,343
2005	8,000
2006	8,000
2007	8,345
2008	5,754
2009	5,000
2010	4,605
2011	5,105
2012	7,910
2013	4,619
2014	5,637
2015	13,500
2016 (est.)	13,500

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Table 2. Leveraged Investments in CEAP, FY 2003-FY 2015  
(Dollars in Thousands)

Agency	FY 2003-FY 2014	FY 2015 Est. <sup>1/</sup>	13-yr. Total
National Agricultural Statistics Service	\$600	-	\$600
Agricultural Research Service	227,882	20,000	247,882
National Institute for Food and Agriculture	9,675	-	9,675
Farm Service Agency	1,070	100	1,170
U.S. Geological Survey	9,490	1,000	10,490
Others	13,610	1,000	14,610
Total	262,237	22,100	284,337

<sup>1/</sup>2015 investment estimates are based on 2014 contribution levels

Future CEAP resources will be used to gather data to expand application of the Agricultural Policy Environmental Extender (APEX) field-level model to estimate conservation practice effects on croplands, wetlands, wildlife, and grazing lands so as to more accurately model the complex agricultural landscape to include the interaction of the variety of practices that co-occur on the land. We will refresh our practice information so we can better estimate the effects of conservation on natural resource concerns and improve our Nation's producers' ability to make informed, effective conservation and management decisions. We also plan to support the modeling and estimation of conservation effects at smaller watershed scales to improve decision making for policies and programs.

CEAP-Cropland National Assessment. NRCS and its partners in ARS and Texas A&M University are preparing a series of reports on the effects of conservation practices on cropland that eventually will cover the 48 conterminous States. To date, eleven baseline reports in this series have been released, the Upper Mississippi River Basin, the Chesapeake Bay Region, the Great Lakes Region, the Ohio-Tennessee River Basin, the Missouri River Basin, the Arkansas-White-Red River Basin, the South Atlantic Gulf Region, the Souris-Red-Rainey River Basin, the Pacific Northwest Region, Delaware River, and the Lower Mississippi River Basin. The draft version of the final report for the Texas Gulf Region is ready for agency approval and release.

The reports are based on computer simulations of conditions as of 2003-2006 compared to conditions that would be expected if no conservation practices were in place. The simulations are based on data on farming and conservation practices in use during the same period collected through interviews with farmers utilizing a 32-page survey questionnaire conducted for the agency by the National Agricultural Statistics Service (NASS) and reviews of NRCS field office records. The National Resources Inventory (NRI) provides additional data and the statistical basis for the application of sophisticated modeling approaches, processes, and the production of regional estimates and findings.

These baseline studies provide estimates of the effects of conservation practices in place on the landscape for the study timeframe and also help us determine treatment needs on cropped acres and estimate potential for further gains from additional conservation treatments. The estimation process is

consistent in each study area to allow comparison of findings across all regions.

Commonalities across all of the studies completed to date include:

- 1) The voluntary, incentives-based approach is achieving results. Farmers have done and are continuing to do a good job of conservation on agricultural land, especially in controlling erosion and also in reducing nutrient losses from cropland.
- 2) Despite the gains, we have opportunities to make even more progress, especially in the nutrient management arena.
- 3) Suites of practices are needed to manage complex nutrient loss pathways. No single practice or single combination of practices will be equally effective everywhere.
- 4) Targeting the most critical/vulnerable and environmentally sensitive acres may deliver the greatest conservation gain per acre benefit for the conservation investment

There are regional differences among the completed studies. The most significant conservation treatment need on agricultural land in the Upper Mississippi River Basin, the Chesapeake Bay Region, and the Great Lakes Region is the loss of soluble nitrogen through leaching and tile drainage. The Great Lakes Region also has a very significant treatment need to reduce the loss of soluble phosphorus from runoff and tile drains. The greatest need in the Ohio-Tennessee River Basin is the loss of phosphorus from cropland. In the more semi-arid regions of the country, including the Missouri, the Arkansas-White-Red, Texas Gulf, and the Souris-Red-Rainy River basins, the most pervasive conservation concern is wind erosion. The Lower Mississippi River Basin, in large part due to periods of intense rainfall, suffers higher sediment losses, surface and subsurface nitrogen losses, and phosphorus losses than do any of the other regions in the Mississippi River drainage (the Upper Mississippi, Ohio-Tennessee, Missouri, and Arkansas-White-Red River Basins). Analyses show that the Pacific Northwest region has multiple outstanding resource concerns and requires additional treatments to reduce water and wind erosion and nutrient losses through run-off and leaching.

The current generation of CEAP studies on cropland is being conducted at a smaller scale to focus on more localized priorities and to explore the potential applications of refreshed NASS surveys. An analysis of the Chesapeake Bay Watershed revisit was just published in December 2013 and was based on a data collection effort on farming and conservation practices in use in the Chesapeake Bay Watershed in a 2011 survey, which was based on the same NRI sampling framework used in the 2003-2006 baseline survey. The resurvey of the Chesapeake Bay region, in conjunction with the baseline 2003-2006 survey data, documents changes in conservation practice adoption and agricultural practices between the two survey periods. CEAP analysis demonstrated numerous conservation gains in the region, including a reduction in soil erosion rates by 57 percent, a reduction in edge-of-field sediment losses by 62 percent, a 50 percent reduction in the average rate of soil carbon loss, a 22 percent reduction in edge-of-field nitrogen loss, and a 45 percent reduction in edge-of-field phosphorus loss. The resurvey allowed CEAP to elucidate conservation successes, such as cover crop adoption, which expanded from being in use on only 12 percent of acres in 2003-2006 to being in use on 52 percent of acres in 2011. Similarly, the resurvey allowed CEAP

to identify areas where continued conservation focus is required, including the need for focus on comprehensive conservation planning that incorporates the ACT approach (Avoid excess nutrients and tillage, Control losses from fields, Trap nutrients and sediment at the edge of the field). CEAP results suggest that 46 percent of cultivated cropland acres in the Chesapeake Bay region could benefit from additional conservation practice adoption.

In addition, we have completed expanded data collection efforts for two special study areas (revisit surveys) for the western Lake Erie basin and the Des Moines River watershed/basin. Similar to the Chesapeake Bay region refresh, these reports will update findings from the 2003-2006 survey. Surveys have also been conducted and are currently being analyzed in a study associated with agriculture in the California Bay-Delta area. These studies, anticipated to be released in 2015, are intended to provide data at a much smaller scale than the current national assessment and to improve our understanding of limitations related to our statistical sampling approach and the scale at which we can provide results. These studies have revealed limitations related to survey methodology and have led to improvements in modeling efforts at smaller spatial scales.

New tools and analyses. The CEAP-Cropland studies have provided additional benefits in the form of tools for decision support and direct assistance to landowners. For example, the cropland modeling team has developed an optimization model that incorporates practice costs and evaluates alternative approaches for setting conservation priorities that can potentially maximize the benefits of conservation investments. New tools developed as a result of CEAP modeling are being incorporated into the NRCS Conservation Delivery Streamlining Initiative (CDSI) to help field offices provide faster, better technical assistance to landowners.

Another tool, the CEAP Conservation Benefits Identifier (CCBI) geospatial data layer is an attempt to translate core CEAP-Cropland report findings related to nutrient management needs into actionable information for agency landscape planning and program delivery at the field level. The CEAP Soil Vulnerability Layer is another national geospatial layer that classifies soils in the CEAP reports from model runs using APEX, and allows environmentally sensitive/vulnerable soils to be located across the landscape. The National Soil Vulnerability Layer has been used in several regional initiatives, including the Chesapeake Bay Watershed Initiative and the National Water Quality Initiative. Primary modeling APEX tool development to support the CDSI effort is continuing, and the CCBI tool is being used/tested in several State locations now.

CEAP-Watershed Studies. The CEAP Watershed Assessment Studies continue to innovate more effective conservation practices, understand the interactions among systems of conservation practices, develop more accurate simulation models and targeting techniques (both models and indices), and elucidate the human considerations surrounding conservation decisions. These collaborative studies are building NRCS' technical capacity to better assess and design conservation strategies to address looming conservation challenges such as land use change, climate change, and drought.

FY 2014 was the tenth year of long-term CEAP Watershed Assessment Studies. In 2003-04, USDA initiated a series of smaller scale CEAP Watershed

Assessment Studies to provide in-depth analysis and quantification of the measurable effects of conservation practices at the watershed scale, and to enhance our understanding of the effects of conservation in the biophysical setting of a watershed. There were at one time 42 watershed studies in total: 17 Competitive Grants Watersheds supported by the National Institute of Food and Agriculture (NIFA) in partnership with NRCS, 14 Benchmark Watersheds conducted by the Agricultural Research Service (ARS), and 11 Special Emphasis Watersheds (SEW's) supported by NRCS.

Currently, only the Watersheds in partnership with ARS (14 projects) continue assessments. Twenty-eight other CEAP Watershed Studies have ended. These include projects funded by NRCS as Special Emphasis CEAP Watersheds and the NIFA-CEAP Competitive Grant CEAP Watershed Studies, for cropland, pastureland and for rangeland.

The scale and detail of these smaller watershed projects are very applicable to local conservation planning and assessment and are utilized, where possible, to support outcome assessment for NRCS' water quality conservation initiatives. Input was also provided for the Hypoxia Task Force mandatory report.

CEAP Watersheds have made significant efforts to synthesize and summarize key lessons learned across a large network of watershed-scale case studies. These insights are very important for translating the science we are learning in CEAP into actionable strategies that can be used at the watershed and field scale by our conservationists and regional and local partners. In February 2015, we held a national webcast for conservationists and watershed managers on CEAP Watersheds Lessons Learned that drew over 750 participants logged on for 1.5 hours or longer.

A synthesis of results of the CEAP watersheds identified a number of key lessons learned in order to have our conservation efforts be more effective for improving water quality in watersheds:

- the importance of planning at a watershed scale;
- identifying the specific critical water quality concerns and understanding their sources and transport;
- using appropriate models to plan and evaluate implementation;
- identifying farmers' attitudes toward conservation practices and working with them to offer appropriate financial and technical assistance and;
- sustaining technical or financial assistance and agricultural community engagement after adoption (Osmond et al, 2012).

Many of these lessons learned are being applied by NRCS in developing our programs to address water quality conservation concerns such as the new Regional Conservation Partnership Program (RCPP) and our landscape-scale water quality Conservation Initiatives such as the Mississippi River Basin and Great Lakes Restoration Initiatives. They can be used in working cooperatively at the local level with agricultural producers and community conservation stewards.

The CEAP Watershed Assessments have found that the greatest opportunities for more effective water quality conservation in smaller watersheds lie in utilizing systems of conservation practices to more

effectively address multiple water quality and soil conservation concerns as well as addressing complex trade-offs that can occur. We have learned that greater consideration needs to be given in conservation planning for the impact and management of hydrology on the landscape, as this has implications for the transport pathways and the most effective conservation practices to intercept and treat the water resource.

Six of 13 NIFA-CEAP Watershed Assessments demonstrated measureable water quality improvements at the watershed scale, based on both monitoring and modeling approaches (Osmond et al, 2012). The States where watershed-scale water quality improvements were observed in these projects include the following: Idaho, Nebraska, Iowa, Ohio, New York, and Pennsylvania. Earlier this year, an ARS CEAP Watershed Assessment in Mississippi reported that nearly annual reductions (over a 14-year period) were measured in Total Suspended Solids and in Total Dissolved Solids. This was a significant improvement in oxbow lake water quality as a result of watershed-wide and consistent implementation of conservation systems.

One promising new conservation practice, the blind inlet, was developed to address nutrients and sediment transported through open surface inlets connected to subsurface tile drains in the Upper Midwestern US. Developed as part of the CEAP Watershed Study in Indiana, the blind inlet is a modification of our existing conservation practice standard for the Underground Outlet (CP 620). Blind inlets have been approved as an interim conservation practice standard in Indiana and Ohio and are being tested in CEAP projects and others elsewhere in the Upper Mid-West. Recent CEAP studies have documented that blind inlet use decreased soluble phosphorus losses from tile drains by 50 percent, total phosphorus losses by 50 percent, and sediment losses by up to 72 percent. The long-term CEAP Watershed study also indicates that the blind inlets will remain effective beyond the 10 year service life.

CEAP-Wetlands Studies. CEAP-Wetlands studies were planned to evaluate the effects of wetland conservation practices and programs by quantifying ecosystem services (e.g. water quality, flood control, biodiversity) provided by major wetland types. The CEAP-Wetlands studies seek to improve our understanding the functions of native, restored, and prior-converted wetlands in agricultural landscapes so that we can provide farmers and ranchers with better advice on how to enhance the ecosystem services these areas provide to the farmers, society, and ecological systems.

Five regional investigations are ongoing: (1) Prairie Pothole Region, (2) Mississippi Alluvial Valley, (3) The High Plains, (4) California Central Valley and Upper Klamath River Basin, and (5) Mid-Atlantic Rolling Coastal Plain and Coastal Flats. Data collection and model development for the major wetland types in each region are focused on the following wetland ecosystem services: floodwater storage, habitat quality, pollinators, biotic conservation and sustainability, erosion and sedimentation, nutrient rate and transport, carbon sequestration, and greenhouse gas emissions.

During 2015 and over the next five years, the CEAP-Wetlands National Assessment will focus on:

- 1) developing CEAP-Wetlands modeling that provides NRCS with the capacity to simulate and forecast changes in wetland functions or ecosystem services provided by wetlands and associated lands as a result of conservation practices and programs, land treatments, climate change, and other factors;
- 2) calibrating and validating the depressional (prairie potholes, playas) and riverine wetlands algorithms within the Integrated Landscape Model (ILM) linked to the primary CEAP Model APEX and the NRI to improve the statistical reliability of model output at multiple scales and broaden its conservation application;
- 3) integrating CEAP-Wetlands field data collection methods with the NRI to develop new onsite data collection elements and remote sensing-based protocols that document spatial and temporal changes and effects of wetland conservation practices and programs;
- 4) linking other CEAP component findings/efforts into the ILM and APEX models to address cumulative practice and program effects across multiple scales; and
- 5) documenting the effectiveness of conservation practices and working lands treatments within the broader regional study framework to improve modeling results and translating those results to improve on-the-ground conservation.

CEAP Science Notes and Conservation Insights are continuously being developed to highlight findings from various regional assessments. Four project reports were completed in 2013: Integrating CEAP-Wetlands ILM outputs into the National Resource Inventory Framework: a pilot effort in the Great Plains; ILM sub-model algorithm report - models for predicting amphibian presence in the high plains playas; CEAP-Wetlands conceptual model for wetland plant diversity (vegetation quality); and USGS scientific investigations report 2012-5266: a regional classification of the effectiveness of digressional wetlands at mitigating nitrogen transport to surface waters in the North Atlantic coastal plain.

Regional assessments collected field data for major wetland types to assess and model the following wetland ecosystem services: floodwater storage, habitat quality, pollinators, biotic conservation and sustainability, erosion and sedimentation, nutrient fate and transport, carbon sequestration, and greenhouse gas emissions.

CEAP-Wildlife Assessment. Since 2005, the CEAP-Wildlife Component has supported over 40 regional assessments of the effects of conservation practices and programs on various priority aquatic and terrestrial species. These assessments, conducted in partnership with academic, Non-Governmental Organizations, and State and Federal agency science partners, have generated more than two dozen technical reports from which we have developed technical notes and guidance documents to help put findings into practice. These findings have documented how USDA programs and practices are benefiting wildlife species, including at-risk grassland and shrubland birds, native trout and other aquatic biota, and migrating and wintering waterfowl and shorebirds, while providing valuable insight on how we can improve conservation practice standards and program delivery.

In recent years, CEAP-Wildlife has emphasized supporting assessments that document the response of target species to conservation practice implementation and that provide scientific support for effective program delivery of NRCS wildlife-oriented landscape-scale special initiatives. For example, CEAP-Wildlife is conducting outcome-based assessments and providing important science support for the NRCS Sage-Grouse Initiative, Lesser Prairie-Chicken Initiative, and the Golden-Winged Warbler, New England Cottontail, and Southwestern Willow Flycatcher aspects of the Working Lands for Wildlife effort.

CEAP-Wildlife is also enhancing the biological aspects of other CEAP component models and products. Specifically, we are working with The Nature Conservancy, ARS, and university partners to link stream fish and macro-invertebrate sample data with CEAP-Cropland modeling tools, beginning with an intensive effort in the Western Lake Erie Basin. This effort is providing the means to integrate biological endpoints into soil and water quality modeling, and thus help us understand and target effective conservation practice implementation with biologically meaningful results. We are also incorporating biodiversity metrics into CEAP-Grazing Lands modeling efforts, and are integrating findings from various completed and ongoing CEAP-Wildlife regional assessments into CEAP-Wetlands ecosystem services modeling.

As we generate valuable products and insights for USDA use we continue to share results with and solicit input from our partners in the fish and wildlife science and management communities. Through the International Association of Fish and Wildlife Agencies' CEAP Working Group, we are working to link CEAP Wildlife findings with those of the monitoring components of State Wildlife Action Plans, and vice-versa.

CEAP-Grazing Lands. Considerable energy has been invested in evaluation and selection of an erosion model suited for rangeland and pastureland conditions. Most erosion prediction models were developed for use on cropland and are less reliable on rangeland and pasturelands. For this reason, ARS and NRCS scientists and others are developing computer models to predict erosion on these unique landscapes, to include an output indicator of "risk potential" by storm event determined by actual grazing unit conditions. This risk potential can be used to guide conservationists and grazing managers in determining optimal ground conditions to minimize erosion. It will be integrated, to the degree possible, with ecological site description vegetation change models ("state and transition models") as an aid to predict plant community shifts when risk potentials are exceeded. This will give the manager a clear understanding of ground conditions to monitor and improve using prescribed grazing and other conservation practices in order to maintain the desired plant community under a given set of observed weather patterns and management practices. The Rangeland Hydrology and Erosion Model (RHEM) and Wind Erosion Model (WEMO) will provide grazing land conservationists with new tools for advising grazing managers how best to control erosion and maintain stability and ecological function of the site. These efforts are key to understanding the causes of the increasingly frequent dust storms and the conservation efforts necessary to reduce their harmful impacts on human health, habitation, and the natural resources of the region. CEAP Grazing Lands took a leadership role with ARS, universities, and private contractors in the calibration and partial integration of RHEM

equations within APEX, and of RHEM outputs to develop ecological site description risk potential thresholds for soil loss. The use of NRI rangeland data from over 300 points in selected Major Land Resource Areas (MLRAs) and five States was crucial in those activities.

The CEAP-Grazing Lands effort is also pioneering the techniques required to model resource effects on rangelands, in both environmental and production-related contexts. The addition of scientifically-sound "grazing modules" into APEX will be designed to approximate animal diet selection preferences, daily forage intake changes associated with forage quality, and to model outputs from heterogeneous plant communities, rather than the monoculture of plants found on cropland settings. Incorporation of these tools into APEX will also enable us to simulate habitat quality factors for wildlife species and/or guilds.

CEAP-Grazing Lands also provides support to the NRCS ecological site description development workload throughout the conterminous 48 States, working closely with NRCS and ARS scientists. We are pioneering a scientifically-sound process for grouping ecological sites at a larger scale, using landscape, soil, site, climatic and vegetation characteristics. We are currently beta-testing our grouping methodology in MLRA 74 (central Kansas) and 77C (western Texas panhandle) through the development and quantification of "generalized" State-and-Transition Models, associated plant species, plant production, soil cover, ground cover, typical conservation practices implemented, and specific practice design criteria to inform our grazing land modeling process and refine the input data. Since we don't have a NASS Farmer Survey like CEAP-Croplands does, this project enables us to estimate effectiveness of grazing land conservation practices at the MLRA scale with real knowledge on how practices are designed and implemented. We are making appropriate use of NRI rangeland data taken in the 2004-2011 inventory period to also aid in the characterization of grazing lands for modeled scenarios. Once we have a repeatable science-based process fully vetted, we are confident it can be replicated in each MLRA to provide the data needed for modeling these very complex, heterogeneous landscapes.

Another specific outcome of the ecological site grouping project is the development of an Access database which simplifies, coordinates, and documents each State-and-Transition Model that is required for each ecological site description. CEAP-Grazing Lands has worked closely with ARS and NRCS to create the database, and is beta-testing it during our ecological site grouping project.

In addition to the efforts above, CEAP-Grazing Lands has positioned itself with partnerships and projects to offer the following benefits to cooperators and NRCS field offices within the next five to ten years:

- (1) Conduct CEAP-Grazing Lands modeling that provides NRCS with the capacity to quantify benefits of conservation practices and adaptive management in ways most meaningful to livestock producers in terms of opportunities to optimize animal productivity, habitat quality, water quality and quantity, and plant health, vigor and productivity;
- (2) Develop an interface between the current process-based models we use (APEX), and existing models (possibly INVEST) to quantify and

economically value specific ecosystem service benefits on grazing lands. This will help us capture the full scope and complexity of grazing land conservation practice effects and benefits that are not currently accounted for in NRCS reporting metrics, but are often the largest return on our conservation dollar;

- (3) Unite multiple existing databases to dynamically interact with APEX, therefore enabling more refined simulations on grazing lands. Those databases include:
  - a. NUTBAL - Nutrition Balance Analyzer, a Texas A&M fecal analysis profile database and animal performance tool used internationally. NRCS has supported use of NUTBAL and NIRS (near-infrared reflectance spectroscopy) for at least 19 years, as a cutting edge fecal analysis procedure to specifically aid NRCS field offices and ranchers in the development of adaptive grazing management plans. The forage quality metrics contained in this database is being cross walked with APEX simulation runs in specific regions of the U.S. to add precision to the new APEX grazing modules for animal performance and forage quality changes over time.
  - b. Micro histological fecal DNA databases, being currently developed in partnership with CEAP-Grazing Lands, Texas A&M, Colorado State University, and others, provide the botanical composition of an animal's diet. Those data will be used to cross-check the vegetation profiles we design for APEX simulations. This will provide a level of vegetation composition construction for modeling that has not been done yet, and is highly complementary to the "real world";
  - c. Plant growth parameter database unification across a suite of models that CEAP components utilize, including APEX, ALMANAC, SWAT, PHYGROW, and others. This will provide modelers with a dynamic, quality-assured, Web-accessible database of plant growth characteristics and values for different regions of the U.S., and international areas. This will allow for improved modeling of specific plant species, or even plant communities, using regionalized growth parameters intrinsic to process-based modeling;
- (4) Develop an ArcGIS toolbar to allow for estimation of woody plant cover by MLRA and using different satellite imagery vintages, to track woody plant cover changes over time. This is part of the current CEAP-Grazing Land project with ARS, and it will enable NRCS field offices to quickly estimate woody plant cover to determine if Brush Management (PC 314) is necessary, to what degree and design criteria, and to monitor change over time through continued maintenance of the practice. It can also be used to aid in determination of wildlife habitat quality and connectivity. The NRCS National Geospatial Center for Excellence is assisting in the development of a mock-up tool for consideration in the NRCS business plan;
- (5) Continue to conduct specific field research projects to close gaps identified in the Rangeland and Pastureland literature syntheses, related to NRCS conservation practice standards. Some of those projects include:
  - a. Soil Health and Respiration study with Point Blue Conservation, on their Rangeland Monitoring Network project. It will cover soil nutrient and microbiological activity analysis on ranches in

- California's Central Valley, Coast Ranges, and Sierra-Nevada Foothills (MLRAs 15, 17 and 18) under different grazing management prescriptions, different plant cover, composition and productivity scenarios, different rainfall regimes, etc., to help inform the revision of the 528-Prescribed Grazing standard and potentially other practice standards;
- b. Grazing Cover Crop study with NRCS and ARS in Montana, on the Fort Keogh Research Station in Miles City. This also looks at soil health and respiration in pastures with native and introduced plant species, with-and-without use of a seeded cover crop to provide extended grazing and soil health benefits;
  - c. Soil Health, Respiration and Dynamic Properties study with University of Arizona's V-Bar-V Ranch, in north-central Arizona, the Arizona Game & Fish Department, and the U.S. Forest Service. This is designed to determine changes in soil dynamic properties, nutrients and microbiological activity in rangelands with varying cover and density of pinyon, juniper, shrubs, and grasslands. Brush management (removal of juniper), grazing management, and upland wildlife habitat management are the key conservation practices being evaluated.

Both of the CEAP literature syntheses and companion stand-alone Executive Summaries have been completed and distributed nationwide (Rangeland synthesis in 2011; Pastureland and Hayland synthesis in 2012). These literature syntheses are the most comprehensive collection of information on rangeland and pasture/hayland management in existence, and will be updated as new scientific information becomes available.

The reports are products of a rigorous external review by 40 rangeland scientists and over 30 pastureland scientists of published peer-reviewed scientific literature related to select grazing land conservation practices. NRCS commissioned the reports to evaluate its current efforts to help ranchers implement conservation practices and to guide future efforts. Some of the key findings provided recommendations on how to modify existing conservation practice standards to account for the body of science that supports the key purposes of a given conservation practice. Additional recommendations provided opportunities for the research community to conduct studies that are pertinent to applied management and the implementation of selected suites of conservation practices. Both of the literature syntheses provide opportunities to improve NRCS science and technology, conservation planning protocols and products, and program delivery aspects of selected conservation practices.

Similar to CEAP-Wetlands and CEAP-Wildlife, the CEAP-Grazing Lands component is producing Conservation Insights and Science Notes, aimed at improving NRCS technical assistance and program delivery at the field level. Two Insights and two Science Notes on pastureland conservation topics were written by ARS and NRCS in 2013, which were released in 2014.

## Public-Private Partnerships

Mr. Aderholt: Please describe the types of partnerships that NRCS enters into with Non-Governmental Organizations (NGOs) and the type of work that NGOs generally perform.

Response: NRCS partnership with Non-Governmental Organizations include grants, cooperative agreements, and contribution agreements.

Grants: A relationship when the principal purpose of the relationship is to transfer anything of value to a recipient in order to accomplish a public purpose of support or stimulation authorized by Federal law and substantial Federal involvement is not anticipated. (NRCS Grants and Agreements Handbook, Title 120, Part 600.2 Definitions)

Cooperative Agreements: An assistance relationship between NRCS and a recipient when the principal purpose of the relationship is to transfer a thing of value to a recipient in order to accomplish a public purpose of support or stimulation authorized by Federal law and substantial Federal involvement is anticipated. (NRCS Grants and Agreements Handbook, Title 120, Part 600.2 Definitions)

Contribution Agreements: An assistance relationship between NRCS and a recipient that serves a mutual interest. Each entity contributes resources in carrying out the programs administered by NRCS. Financial or other resources are transferred or exchanged between the parties. Resources are contributed equally unless the requirements for a waiver are satisfied. (NRCS Grants and Agreements Handbook, Title 120, Part 600.2 Definitions).

The type of work typically performed by NGOs for NRCS include:

- Conduct meetings to educate producers and promote NRCS programs;
- Provide conservation planning;
- Provide conservation practice implementation assistance;
- Review practices in the field;
- Provide workshops or field days; and
- Develop educational materials.

Mr. Aderholt: How do these agreements utilize part-time NRCS employees?

Response: Part-time employees could be involved in any aspect of the project, which may include administrative or technical functions. We do not have any constraints on the use of NRCS part-time employees in fulfilling the work of any agreement. However, our ethics guidelines, which are found in Title 110, General Manual, Part 405, Subpart D, require employees to recuse themselves from employment or activity if performance of their official duties will present an apparent or actual conflict of interest.

Mr. Aderholt: Please provide a list of current public-private partnerships in North Dakota, which NGOs are involved in each partnership in the state, the number of part-time employees involved, and the type of work performed by part-time employees.

Response: The information is provided for the record.

[The information follows:]

## North Dakota

Agreement Number	Project Name or Description	Type of work performed through agreement	Name of NGO Partner/Recipient	Number of NGO employees funded by this agreement	Comments
6633-03-003	Water Quality Education	Conducting training, monitoring and providing educational opportunities related to watershed health in North Dakota	International Water Institute	None	This agreement support the development of educational materials and conducting educational sessions. This is a contribution agreement where the partner matches the federal contribution.
68-6633-14-002	Technical Assistance -PF	Voluntary Technical Assistance and program information provided to landowners	Pheasants Forever (PF)	Five	Currently only 4 PF personnel working under this agreement. This is a contribution agreement where the partner matches the federal contribution.
65-6633-14-035	Grazing Lands Conservation	Partnership to enhance knowledge of grazing land conservation with materials developed for distribution	North Dakota Grazing Lands Coalition	None	This is a contribution agreement where the partner matches the federal contribution. This agreement supports the development of educational materials and sessions
65-6633-14-001	Red River Watershed Activities	Partner with watershed districts in Red River Basin with various projects and activities	Red River Retention Authority	None	This is a contribution agreement where the partner matches the federal contribution. This agreement supports the education and promotion of programs that will provide flood water retention benefits.

## North Dakota

Agreement Number	Project Name or Description	Type of work performed through agreement	Name of NGO Partner/Recipient	Number of NGO employees funded by this agreement	Comments
68-6633-14-003	Technical Assistance - DU	Voluntary Technical Assistance and program information provided to landowners	Ducks Unlimited, Inc. (DU)	Three	Currently only 2 DU employees working under this agreement. This is a contribution agreement where the partner matches the federal contribution.
68-6633-13-002	Western N. Dakota Grasslands	Tools and Strategy Development for working with Ranchers in Western North Dakota	National Fish and Wildlife Foundation	None	This agreement is for the development of educational materials to assist Western North Dakota Ranchers. It is a contribution agreement where the partner matches the federal contribution.

## QUESTIONS SUBMITTED BY CONGRESSMAN KEVIN YODER

## Farm Bill Reductions

Mr. Yoder: Conservation programs took large cut in the 2014 Farm Bill and in previous budget cycles. According to NRCS, from 2009 through 2013, Kansas had 2,188 farmers and ranchers enroll 3.6 million acres of land in the Conservation Stewardship Program (CSP) with contracts worth \$255 million. Nationwide, the ratio of CSP applications to available funding runs around 2:1, with funding far outstripped by valid applications. Yet the White House is proposing to scale CSP back 3 million acres. That means less conservation, and more farmers and ranchers on the waiting list. In FY 2014, Kansas NRCS was only able to fund 51% of valid Environmental Quality Incentive Program (EQIP) contract applications. 716 farmers and ranchers were turned away, due to lack of funding. Those unfulfilled contracts were valued at \$17.6 million. Yet the Administration is proposing to scale back farm bill funding for EQIP by \$373 million, guaranteeing a continuing backlog and waiting list in Kansas and other states. How will these further cuts affect farmers and ranchers in my state who utilize these programs on their operations or want to utilize these programs?

Response: Demand for conservation programs administered by NRCS continues to outpace available funding resources, a testament to the success of the programs to deliver effective conservation solutions. In order to better react to an austere funding environment, NRCS has structured its programs to be highly scalable, with a focus on delivering the most effective conservation with the highest level of efficiency.

## Waters of the US - EPA Rule

Mr. Yoder: Farmers' and ranchers' ability to remain in production often depends on being able to use the types of farm practices that would be prohibited if EPA denies a permit for them. For example, building a fence across a ditch, applying fertilizer or pesticides, or pulling weeds could require a federal permit. The proposed rule, in effect, would give EPA veto authority over a farmer's or rancher's ability to operate.

Mr. Yoder: Can you provide assurances today that these proposed regulations will not impede Kansas farmers and producers' ability to harvest goods to bring to market, so that they are able to provide for their families?

Response: USDA has no authority for interpreting or implementing Clean Water Act (CWA) rules and regulations, nor enforcing its permitting requirements. Those responsibilities reside solely with EPA and Corps of Engineers. EPA has consistently indicated that the rule does not impact longstanding exemptions for agricultural activities like planting and harvesting.

While NRCS cannot provide assurances with respect to the CWA, the agency can assure that it will continue to provide farmers and producers in Kansas and the other States and territories the technical and financial assistance they voluntarily request to apply conservation while sustaining the ability to produce food, fiber, and fuel.

#### Lesser Prairie Chicken

Mr. Yoder: The listing of the Lesser Prairie Chicken as an endangered species continues to be a point of contention in rural Kansas. A change in this listing, as has been proposed by the Center for Biological Diversity and the Fish and Wildlife Service, would have major implications on the agricultural community in Kansas, Texas, Oklahoma, Colorado, and New Mexico.

Can you please report to this committee, if and how your agency plays a part in any of the decision making, by recommendations or otherwise, in regard to the reduction of wildlife threats affecting the Lesser Prairie Chicken or other "endangered species"?

Response: The Natural Resources Conservation Service (NRCS) does not make recommendations regarding U. S. Fish and Wildlife Service (USFWS) Endangered Species Act (ESA) listing decisions for the Lesser Prairie Chicken (LEPC) or other species. However, NRCS will continue to focus on voluntary conservation efforts with landowners within the range.

NRCS has dedicated financial and technical assistance to a coordinated, science based effort to improve LEPC habitat since 2010. This effort, the Lesser Prairie Chicken Initiative (LPCI) assists producers who implement conservation practices that will benefit LEPC habitat while also improving rangeland conditions for their operations.

As with other Working Lands for Wildlife species, producers participating in LPCI receive ESA predictability through NRCS and USFWS agreements that allow producers to retain their individual privacy protections.

## QUESTIONS SUBMITTED BY CONGRESSMAN DAVID VALADAO

## Agricultural Conservation Easement Program

Mr. Valadao: Recently, a new partnership was formed between the NRCS, Audubon California, and Western United Dairymen organizations to boost habitat and outreach work for the Tricolored Blackbird in California. Due to drought conditions in the Central Valley, the birds have established large nesting colonies in forage fields on dairy farms instead of their original habitat - wetlands. In an effort to support conservation efforts for this species, this partnership is supporting farmers who delay the harvest season to allow young birds to fledge.

This partnership is one of six distinct conservation projects selected in California through the new NRCS Regional Conservation Partnership Program. Do the other five projects also involve partnering with organizations from the agricultural industry? If so, can you briefly mention those projects and their objectives?

Response: Three of the other five RCPP projects in California include agricultural associations, farmer cooperatives, or for profit entities as partners. The other five California projects are:

- 1) Expansion of Waterbird Habitat Enhancement Programs on Central Valley Agricultural Lands. The lead partner is the California Rice Commission, an agricultural association.

The current sequence of events for rice production creates a situation where birds are frequently left with abrupt changes in habitat availability. The project extends the "watering" season of flooded rice fields beyond just the production phase and adds shallow water habitat in the winter/spring and fall months. This project will expand the Waterbird Habitat Enhancement Program (WHEP) by enhancing the wildlife value of acres of rice and the long term sustainability of rice agriculture. A new WHEP component will address the needs of upland-nesting bird species on targeted acres. Ultimately, the partners have a goal for past participants to transition to the Conservation Stewardship Program, with acres enrolled in the rice field management portion and enrolled in the upland portion by 2019.

The objectives of the project are:

Objective 1 - Assess and improve the WHEP, implement companion programs to augment WHEP with highly-flexible Waterbird Conservation Program options on lands not enrolled/eligible for WHEP, and enroll participants into each of the programs.

Objective 2 - Develop a new WHEP element designed to enhance habitat for upland-nesting bird species and enroll participants into this newly developed program element.

Objective 3 - Successfully develop an attractive option for conservation-minded growers to re-enroll in these practices through the regular Conservation Stewardship Program after their RCPP participation concludes and provide final report on the total RCPP Program.

- 2) Rice Stewardship Partnership - Sustaining the Future of Rice. The lead partner is Ducks Unlimited and the project includes two dozen for profit organizations, agricultural associations, and farmer cooperatives.

The Rice Stewardship Partnership composed of Ducks Unlimited, the USA Rice Federation, and collaborating partners, will assist rice producers to address water quantity, water quality, and wildlife habitat in Mississippi, Arkansas, California, Louisiana, Missouri, and Texas. Using remote sensing to estimate bird population carrying capacity in shallow waters and the Field-to-Market Field-print Calculator to monitor results over time, the partners offer several innovations to augment conservation implementation and gain broader producer participation.

The objectives of the project are:

Objective 1 - Maximize conservation outcomes through upfront conservation planning.

Objective 2 - Maximize the number of resource concerns addressed per producer.

Objective 3 - Integrate irrigation water management district conservation efforts to capture water supplies and deliver water efficiently to producers.

Objective 4 - Target rice producers for conservation efforts.

Objective 5 - Advance development of rice varieties and innovative irrigation strategies to conserve water and maintain/increase yields.

Objective 6 - Educate decision-makers in water-challenged States on water, agriculture, and wildlife/fisheries connections and needs.

- 3) Pajaro Valley Community Water Dialogue. The lead partner is Resource Conservation District of Santa Cruz County and includes two for-profit entities as partners.

This proposal will leverage and support the locally driven community water dialogue to address pressing water quantity and water quality issues in the Pajaro Valley on California's Central Coast. The region currently has an aquifer overdraft with resulting seawater intrusion compromising groundwater quality. The primary resource concern to be addressed is water supply (affected by inefficient use of irrigation water and declining groundwater quality due to salts). Additionally, the project will address secondary resource concerns of surface and ground water quality impairments due to sediments and high concentrations of nutrients stemming in large part from agricultural sources. Taken as a whole, these resource concerns threaten the long-term viability of agriculture in the Pajaro Valley. A three year targeted program will implement an innovative water supply and water quality management approach applicable to other regions where both surface and groundwater quality are of concern, including several other coastal California agricultural communities.

The objectives of the project are:

Objective 1 - Reduce pumping of limited groundwater supplies.

Objective 2 - Increase groundwater recharge.

Objective 3 - Reduce groundwater quality decline by increasing water and fertilizer use efficiency.

Objective 4 - Protect surface water quality by reducing sedimentation and nutrient runoff.

Objective 5 - Reduce barriers to grower access and utilization of NRCS cost-share programs.

- 4) Klamath-Rogue Oak Woodland Health and Habitat Conservation Project. The lead partner is the Lomakatsi Restoration Project with no agricultural associations, farmer cooperatives, or for profit entities as partners.

Many at-risk and listed species depend on quality oak woodlands that are threatened by conifer encroachment, densification, and severe wildfires in this project area, covering portions of Oregon and California. Working with landowners, including historically underserved producers, and using a sound, science-based approach, the partners will target high-priority acres recently identified in a Conservation Implementation Strategy to preserve, enhance, and restore the structural diversity, ecological function, and overall health and persistence of oak habitats and their watersheds.

The objectives of the project are:

Objective 1 - Reduce existing threats to oak associated plant communities.

Objective 2 - Protect and promote habitat and its connectivity for oak associated wildlife.

- 5) Bay Area Partnership Promoting Climate Beneficial Practices for Environmental Enhancement and Resiliency of Working Lands. The lead partner is the Marin Agricultural Land Trust with no agricultural associations, farmer cooperatives, or for profit entities as partners.

The Bay Area partnership and individual partners will build capacity and strengthen relationships, educate landowners and coordinate conservation actions, benefitting agriculture and natural resources in the region. The partnership proposes a three-pronged approach to addressing the primary and secondary resource concerns which includes providing technical assistance to landowners for on-farm planning, using the EQIP program to implement on-the-ground climate beneficial conservation measures, and acquiring agricultural conservation easements to protect high priority agricultural land that provides important ecological functions.

The objectives of the project are:

Objective 1 - Develop site-specific management plans to strengthen Bay Area agriculture and increase soil quality and climate change resiliency.

Objective 2 - Implement conservation practices and development of site-specific management plans to strengthen Bay Area agriculture and increase soil quality and climate change resiliency.

Objective 3 - Protect farm and ranch land through the acquisition of permanent conservation easements. Enrolling critical agricultural lands into the Agricultural Conservation Easement Program - Agricultural Land Easement (ACEP-ALE) will maintain the agricultural functions of the land in perpetuity. ACEP-ALE plans will accompany the conservation easement and will be developed to maintain and address the natural resources as part of the larger conservation effort in the area.

Mr. Valadao: Project funding is dedicated to "supporting farmers, creating habitats, and spreading the word among farming communities" about farmers' role in enhancing bird populations, according to Carlos Suarez, California NRCS State Conservationist. While it is important to communicate this information to farming communities, how do you plan to spread the word about farmers' involvement in conservation efforts to the general public?

Response: The Regional Conservation Partnership Program (RCP) is frequently highlighted on the US Department of Agriculture and Natural Resource Conservation Service's websites. News releases and blogs accompany major milestones for the program including announcements of funding, selection of projects, and signing of agreements. Each media release highlights a few individual success stories as well as details why the program is unique and how interested partners can engage. These releases are targeted for general audiences. To supplement the existing communication efforts, NRCS will develop a communication plan as the program matures.

Each project and State supplements the national communication activities with regional and local efforts. For example, in the cooperative agreement for the Protection, Restoration, and Enhancement of Tricolored Blackbird Habitat project, NRCS and the partners establish deliverables of the project including a video documentary, a feature story in Dairy Cares Sustainability Report, a recurring column in the Dairy Cares newsletter, as well as news releases for the media and outreach for all partners, not just those involved in farming. Through the unique relationship between the Partners, landowners, and NRCS the conservation story is told from various points of view and through a variety of avenues.

Mr. Valadao: This work is supported by financial resources from the NRCS Environmental Quality Incentives Program and the Agricultural Conservation Easement Program. The FY 2016 budget proposes a total of \$423 million in savings from mandatory conservation programs, one of which is the Environmental Quality Incentives Program with total savings from this program being \$300 million. What is your plan for future conservation efforts and partnerships with the agricultural industry in light of reduced appropriation funds?

Response: The FY 2016 President's Budget requests \$1,350 million for the Environmental Quality Incentives Program (EQIP). This reflects an increase of \$3 million above the FY 2015 approved budget and is equal to the FY 2014 approved budget. In FY 2016, NRCS plans to maintain conservation efforts and partnerships with the agricultural industry at similar levels as have been reported for FY 2014 and FY 2015.

## QUESTIONS SUBMITTED BY CONGRESSMAN ANDY HARRIS

## Conservation Effects Assessment Project

Mr. Harris: The budget request proposes a \$5 million increase for the Conservation Effects Assessment Project. This would be in addition to the \$5 million in the base budget for CEAP. As you know, CEAP was an initiative of this Subcommittee and it has been used to quantify the effects - the results - of conservation practices put into place on the ground. I understand that CEAP has been helpful in directing NRCS's efforts in the Chesapeake Bay watershed, and that it helped inform EPA's Chesapeake Bay strategy.

Can you give me some specifics on how CEAP influenced USDA and EPA programs for the Chesapeake Bay?

Response: The Conservation Effects Assessment Project has provided many critical insights into the effectiveness of conservation programs. The findings most important in influencing NRCS efforts in the Chesapeake Bay Watershed relate to applying systems of conservation practices and in geographically targeted accelerated investments.

As a result of CEAP findings, NRCS began using a control and trap model, a systems approach to conservation program application, to provide assistance in the Chesapeake Bay Watershed. This emphasis ensures that comprehensive conservation plans are developed and include a focus on nutrient management to reduce losses at the edge of field, particularly through sub-surface flows of nitrogen. Additionally, the CEAP studies supported the targeted showcase and priority watershed approaches to increase conservation investments, focusing investments where a concentration of vulnerable lands exist.

The two CEAP reports for the Chesapeake Bay demonstrated the results targeting a region can achieve through initiatives. They also demonstrated the effectiveness of conservation efforts to Chesapeake Bay through cover crop and in reducing losses of sediment and nutrients to streams. The CEAP reports in the Chesapeake Bay Watershed have demonstrated that these practices have greatly benefited the health of these soils, improving their productivity over time.

We cannot speak to how CEAP has influenced EPA Chesapeake Bay efforts.

Mr. Harris: Should EPA rely more on this information?

Response: CEAP studies provided science-based information on the current state of our Nation's resources in the agricultural landscape. CEAP outcomes and analyses led to the development of a more comprehensive approach towards conservation of our Nation's soils and waters. For example, CEAP analyses revealed that significant benefits are derived from the adoption of suites of conservation practices, which incorporate various approaches to address resource needs. This led to NRCS field office staffs being trained to work with farmers to develop conservation plans that incorporate an "ACT approach" to conservation. This Avoid, Control, Trap (ACT) approach now guides conservation plan and nutrient management plan development across the Nation, insuring comprehensive conservation plans are being instituted.

The two CEAP reports for the Chesapeake Bay reveal the state of the region's natural resources at two points in time; these reports demonstrate the immense conservation impacts that rapid efforts targeting a region can achieve through initiatives. The Chesapeake Bay reports capture the value of the funding provided by State legislatures to encourage cover crop programs across the region, which has enabled very significant increases in adoption of cover crops, leading to improved soil health and water quality. Using a scientific and statistically valid approach, CEAP demonstrated that voluntary conservation practice adoption across the region has reduced losses of sediment and nutrients to streams significantly between 2003-2006 and 2011. The practices also greatly benefited the health of these soils, which will maintain and improve their productivity over time.

Mr. Harris: What will NRCS do with the additional \$5 million?

Response: In 2015, USDA's National Agricultural Statistics Service (NASS) and NRCS will initiate the second CEAP national survey of conservation practices and land management. This statistically-sound, scientifically-based resurvey of the nation will be performed approximately ten years after the first CEAP survey, which was used in 12 large regional reports and encompassed the vast majority of cropland in the United States. Following the CEAP-I effort, for the first time in our nation's history the Federal Government was able to quantify the benefits associated with conservation practice adoption across our nation's agricultural lands. The CEAP-I reports enabled policy makers and land managers to identify outstanding resource concerns in their regions upon which to focus their efforts for improvement. Further, the CEAP-I analyses informed the development of more effective approaches to conservation planning, assisting NRCS field office staff in delivery of more efficient conservation practices to our stakeholders. Analysis of changes in land management and conservation practice adoption between the 2003-2006 survey and the 2015-2016 survey will provide an unprecedented accounting of trends in practice adoption and changes in production management systems over time, as well as insights into NRCS program implementation and benefits.

The CEAP-II analyses will further capture individual landowner efforts in adoption of conservation practices, which will also help to inform NRCS's capacity to better deliver technical assistance in the implementation of conservation plans. The seminal CEAP survey focused on cultivated cropland. The second CEAP survey (CEAP-II) will resurvey cropland points, and also provide detailed information on land management and conservation practices used in pasture, hayland, orchards, and vineyards. The number of sample points surveyed will increase from 30,000 to 45,000 points. CEAP-II will inform a new set of outcome-based regional reports that will provide an updated estimate of the effect of public and private sector conservation spending on our nation's soil health and water quality. Further, when considered in conjunction with CEAP-I's outcomes, CEAP-II will provide NRCS with a metric by which to determine program performance and identify pending conservation needs across the U.S.

Mr. Harris: How will it benefit farmers?

Response: Farmers benefit from CEAP in two primary ways. First, insights gleaned from the results and analyses of the first national survey have informed program and policy development better tailored to farmer needs. This was accomplished by identifying regional conservation needs in context with the nation's production demands for safe and plentiful food and fiber. Second, CEAP analyses continue to help inform NRCS's ability to meet the needs of farmers by informing the planning process.

#### Dairy Manure

Mr. Harris: I represent the Eastern Shore of Maryland which has a robust poultry industry, and farmers in my district are always monitoring developments that could impact their farms. It was recently brought to my attention that a judge in Washington State ruled dairy manure would be treated as a "solid waste" under the Resources Conservation and Recovery Act (RCRA), despite exemptions for materials returned to the soil as fertilizers or soil conditioners. As you can imagine, this could significantly impact the poultry farms in my district.

Do you believe manure should be treated as a solid waste under RCRA, and assuming the ruling stands, what implications could you see this ruling having for the activities of National Resources Conversation Service (NRCS)?

Response: Manure that is applied, stored, and managed is not normally considered a solid waste because it provides beneficial uses to agriculture when applied to fields. In the case you reference in Washington State, the plaintiffs contended that, on the dairy farms in question, manure was over-applied and no longer of beneficial use, and therefore should be treated as a solid waste under RCRA. The case was settled out of court by the parties involved, resulting in no judicial ruling. NRCS has a long history of working cooperatively with livestock producers, and will continue working to help producers manage animal waste consistent with the agency's science-based standards.

#### Waters of the U.S.

Mr. Harris: Last year the EPA and Army Corps issued a draft rule under the auspices of the Clean Water Act (CWA) on the Waters of the US (WOTUS), which would vastly expand the scope of waters covered under regulation. This rule, if enacted, would allow regulators to dictate how farmers use land near ponds, irrigation ditches, and large puddles. It would give regulators much greater say in what types of fertilizers, herbicide or pesticides, or even modifications farmers could make to their own lands.

Would you expect increase in the regulatory functions of NRCS under this rule?

Response: NRCS has no Clean Water Act regulatory functions and this would not change under the EPA-Army Corps of Engineers revised rule on the definition of Waters of the U.S.

Mr. Harris: How do you expect it could impact your agency's operations and appropriation requirements?

Response: The forthcoming Waters of the U.S. rule will not impact agency operations or appropriations requirements. As required by law, NRCS already must conduct environmental evaluations during the planning process when providing assistance to a producer. That would not change under the new rule; NRCS would continue its current approach and operations when assisting producers in recognizing and meeting relevant regulatory requirements.

Mr. Harris: Do you think this would change the cooperative relationship with farmers and the NRCS?

Response: There will be no change in the cooperative relationships between NRCS and farmers. The agency will continue providing technical and financial assistance to those farmers and producers who voluntarily request it.

## QUESTIONS SUBMITTED BY CONGRESSWOMAN ROSA DELAURO

## Conservation Cuts

Ms. DeLauro: The President's FY16 budget request proposed to cut \$863 million from the 2014 Farm Bill Conservation Title. This includes the elimination of 3 million acres from the Conservation Stewardship Program (CSP) in FY 2016 (which represents a five-year cut in farm bill mandatory spending of \$486 million according to the White House), and a \$373 million cut to the Environmental Quality Incentives Program (EQIP). These cuts would come on top of sequestration, which alone will cut \$260 million from mandatory conservation spending in FY16. Can you explain what have been the impacts on farm bill programs from previous cuts?

Response: Demand for conservation programs administered by NRCS continues to outpace available funding resources, a testament to the success of the programs to deliver effective conservation solutions. In order to better react to an austere funding environment, NRCS has structured its programs to be highly scalable, with a focus on delivering the most effective conservation with the highest level of efficiency.

## Conservation Technical Assistance

Ms. DeLauro: There seems to be a renewed emphasis on technical assistance funds and conservation planning. Can you expound on the need for Technical Assistance and how this is important to conservation goals in a state like Connecticut? How important is the Technical Assistance in terms of Farm Bill implementation but also for helping farmers that may have planning needs not covered by farm bill programs?

Response: Conservation technical assistance is the help the Natural Resources Conservation Service (NRCS) and its partners provide to land users to address opportunities, concerns, and problems related to the use of natural resources and to help land users make sound natural resource management decisions on private, tribal, and other non-federal lands. NRCS wants to ensure that our traditional customers as well as others benefit from the technical expertise the Agency has to offer.

The agency can provide conservation technical assistance to farmers, ranchers, local units of government, citizens groups, recreation groups, tribal governments, professional consultants, State and Federal agencies and other individuals or entities that want to conserve natural resources. NRCS technical assistance can help decision makers in Connecticut make decisions that help protect water quality, inform watershed planning efforts and provide support for wildlife habitat protection and restoration.

Conservation technical assistance is an essential component of Farm Bill Implementation. In order to enter into a contract or an agreement for a Farm Bill Program administered by NRCS, the applicant must first work with

NRCS to receive conservation technical assistance to determine the natural resource concerns and the land eligibility for the given program. The agency also provides conservation technical assistance on behalf of other agencies, such as the Farm Service Agency. Conservation technical assistance has helped landowners implement millions of acres of conservation across the nation. In addition, conservation technical assistance is made available to all who request the assistance including farmers who need assistance that is not covered in a Farm Bill conservation program.

Ms. DeLauro: While not cut directly, the extremely popular Regional Conservation Partnership Program (RCPP) would be impacted by the cuts to CSP and EQIP. This is because RCPP funding comes in large part from the CSP and EQIP funding baselines. If enacted by Congress, the President's proposed cuts to CSP and EQIP would reduce available RCPP funding by \$60 million over the next five years. My state just received \$10 million in RCPP to improve water quality throughout the Long Island Sound watershed - which encompasses six states. The Long Island Sound is the lifeblood of our region—one of the most vibrant and productive ecosystems in the world, sustaining our local economy and nurturing our state's diverse natural beauty. This grant recognizes that it is not only the Sound itself, but its 16,820-square-mile watershed spanning six states and the Connecticut, Housatonic and Thames rivers that must be protected and preserved. Can you give us an overview of the types of projects funded through RCPP and what impacts you expect to achieve through this program?

Response: The Regional Conservation Partnership Program (RCPP) promotes coordination between NRCS and its partners to deliver conservation assistance to agricultural producers and other private landowners. RCPP projects leverage contributions from diverse groups of partners to provide innovative approaches for on-the-ground solutions. With local partners tailoring these efforts for their communities, these projects keep our land and water clean, and promote tremendous economic growth in agriculture, construction, tourism, and other industries. The first round of funding included 115 high-impact projects, including the Long Island Sound project, across all 50 States and the Commonwealth of Puerto Rico.

#### Watershed Operations

Ms. DeLauro: For the first time in many years the President has included funds for watershed operations in the budget. Can you tell about this program and how it can be used? Also how it plays into community preparedness and resiliency efforts?

Response: The Watershed Protection and Flood Prevention Act of 1954, as amended (Public Law-566) authorized NRCS the authority to install watershed improvement measures to provide:

- Watershed protection (conservation or development for water quality and quantity, fish and wildlife habitats, erosion and sediment control, etc.);
- Agricultural water management (construction of water supply for agricultural and rural community needs);

- Municipal and industrial water supply;
- Fish and wildlife habitat development;
- Flood prevention through nonstructural measures (easements, flood proofing, infrastructure relocation) and structural measures (dams, levees, etc.), or a combination of the two; and
- Public recreation development.
- The Watershed Program can also be used for land treatment measures, such as floodplain restoration. Each watershed project must be supported by a local sponsoring organization. Examples include cities, towns, counties, watershed districts, conservation districts, Tribes, and other legally recognized organizations.

The Watershed Program supports rural communities across the Nation at a time when many are facing significant threats from extreme weather events such as drought, flooding and powerful hurricanes. Flood prevention is the hallmark of the Watershed Program and NRCS's use of the latest hydrologic and hydraulic methods, along with data predictions from climate science, can help increase local communities' facility and infrastructure resilience.

The Watershed Program provides broad authorities to assist individuals and communities adapting to changing natural resource conditions, either from climate change or other pressures, and minimize the impacts of natural disasters. The foundation for projects is the approved watershed plan that evaluates the need and determines the appropriate mix of tools (e.g., land treatment, structural measures, floodplain easements) to achieve the objective.

The Watershed Program planning assistance fosters broad community buy-in, leverages funding from multiple sources, evaluates multiple options for solving a problem, and addresses multiple needs, such as sustainable water supply and use, recreation, economic uses of waterways, and increased resilience to changing weather and precipitation patterns. NRCS can use these existing authorities to emphasize watershed-scale planning and land treatment efforts that will help communities plan and implement mitigation and adaptation activities for extreme weather events and wildfires, including mitigating the risks associated with coastal flooding.

NRCS administers a number of Federal Farm Bill programs that help individual landowners and operators address their natural resource needs. The Watershed Program complements these programs and is one of the few NRCS programs that can help local communities on a watershed scale, which is largely outside the scope of Farm Bill program activities. An exception is the Regional Conservation Partnership Program (RCPP), a Farm Bill program that includes Watershed Program authorities and funding under its umbrella.

## QUESTIONS SUBMITTED BY CONGRESSWOMAN CHELLIE PINGREE

## Conservation Compliance for Crop Insurance

Ms. Pingree: We are now one year into implementation of the new Farm Bill. There were major reforms and changes for several programs, including crop insurance, which is now the largest, by far, farm subsidy program. For the first time since 1996, Congress included a provision in the 2014 Farm Bill that requires farmers who receive government subsidies for their crop insurance premiums to protect wetlands on their land and develop conservation plans when growing crops on land subject to erosion. As a result of this conservation-crop insurance connection, millions of acres of environmentally sensitive lands could be protected in the coming years, and tens of millions of tons of soil could be protected from erosion. But of course, that success depends on the successful implementation of the policy, known as "conservation compliance". How are NRCS and RMA working together to guarantee fulfillment of conservation requirements of those farmers enrolling in crop insurance?

But of course, that success depends on the successful implementation of the policy, known as "conservation compliance". How are NRCS and RMA working together to guarantee fulfillment of conservation requirements of those farmers enrolling in crop insurance?

Response: NRCS has coordinated with RMA and FSA to develop updated conservation compliance outreach materials. A specific web site <http://www.nrcs.usda.gov/wps/portal/nrcs/detailfull/national/programs/farmbill/?cid=stelpdb1257899>, was established to assist producers with meeting conservation compliance requirements. This web site contains a step by step process for meeting conservation compliance; specific definitions of terms used with conservation compliance; producer options; a listing of agricultural commodity crops that fall under the compliance regulations; informational webinars and fact sheets; and a link to the conservation compliance certification form, FSA-AD-1026. Three specific mailings to producers who have not certified their compliance have been coordinated and completed, and a fourth mailing is planned. Meetings, teleconferences, and informational webinars with commodity- and specialty-crop groups are occurring on a near daily basis. Each State has also conducted outreach campaigns to producers. A list of producers who have not certified compliance is updated weekly and shared between the three agencies.



TUESDAY, MARCH 3, 2015.

**DEPARTMENT OF AGRICULTURE MARKETING AND  
REGULATORY PROGRAMS**

**WITNESSES**

**ED AVALOS, UNDER SECRETARY, MARKETING AND REGULATORY  
PROGRAMS, DEPARTMENT OF AGRICULTURE**  
**KEVIN SHEA, ADMINISTRATOR, ANIMAL AND PLANT HEALTH INSPEC-  
TION SERVICE, DEPARTMENT OF AGRICULTURE**  
**ANNE ALONZO, ADMINISTRATOR, AGRICULTURAL MARKETING SERV-  
ICE, DEPARTMENT OF AGRICULTURE**  
**LARRY MITCHELL, ADMINISTRATOR, GRAIN INSPECTION, PACKERS  
AND STOCKYARDS ADMINISTRATION, DEPARTMENT OF AGRI-  
CULTURE**  
**MICHAEL YOUNG, BUDGET OFFICER, U.S. DEPARTMENT OF AGRI-  
CULTURE**

**INTRODUCTION OF WITNESSES**

Mr. ADERHOLT. The Subcommittee will come to order. Good afternoon. I want to welcome everybody here. I was mentioning to somebody earlier, you all bear with me. I have got a little bit of a sore throat, so you all have to be patient with me this afternoon with that.

But I am pleased to begin our review of fiscal year 2016 budget requests for the agencies of USDA's Marketing and Regulatory Program mission area. I would like to welcome to the Subcommittee Mr. Ed Avalos, USDA's Under Secretary for Marketing and Regulatory Programs. Good to have you.

We also are joined today by Mr. Kevin Shea, Administrator of the Animal and Plant Health Inspection Service. Good to have you here. Ms. Anne Alonzo, Administrator of the Agricultural Marketing Service; Mr. Larry Mitchell, Administrator of the Grain Inspection, Packers and Stockyards Administration; and also welcome back Mr. Mike Young, USDA's Budget Director. So all of you, we welcome you here and glad to have you here this afternoon.

**OPENING STATEMENT—MR. ADERHOLT**

I have been emphasizing in previous hearings three goals of this Subcommittee as we move forward. First is improving the management of the agencies and programs under our purview, we will be enhancing accountability and spending of taxpayer dollars through improved agency governance process and internal controls, and ensuring transparent decisionmaking.

Inspector General Fong testified a few weeks ago before this Subcommittee. She cited a lack of sufficient management controls to ensure that APHIS' pre-clearance offshore program was operating effectively. This program helps protect U.S. agriculture from for-

eign pests and disease, and it is imperative that you address the report recommendations.

The second goal is to target funds to the most important programs and their functions. Likewise, we must continue to reduce or eliminate funding for lower priorities and those programs that are less effective or duplicative. This mission area has a broad spectrum of responsibilities that directly impact our domestic and international agricultural products and markets, and we will continue to support them.

However, you are requesting additional funds for several initiatives that may be to the detriment of critical and successful programs. For example, in your mission area I think there is a missing component, such as a long-term strategic infrastructure plan, that is crucial to moving products domestically in order to expand trade and marketing opportunities. USDA has been reacting to market disruptions like those at the ports and railways instead of having a proactive plan in place.

And the third goal is to promote U.S. agriculture, free and fair markets, and safe food. Your mission area facilitates the marketing of agricultural products domestically and around the world, it works to remove non-tariff barriers in trade, and to open, retain, and expand export markets, and also addresses agricultural threats to safeguard animal and plant health. We provided additional funding to APHIS in recent years to address significant agricultural threats. We are appreciative of your work with the private sector to address citrus greening and emerging swine health issues.

I am also pleased the Department acted quickly to follow the Congressional direction rescinding the provisions regarding certain GIPSA regulations, as outlined in Section 731 of the fiscal year 2015 Omnibus, and halting activities to establish a duplicative and second beef checkoff program, as directed in the Omnibus explanatory statement.

USDA is requesting a total of \$987 million in discretionary resources in fiscal year 2016 for the mission area, and that is a decrease of \$12.5 million from the 2015 enacted level. However, all these agencies are requesting increases for enhancing current activities or supporting new initiatives.

I will be looking for evidence that current efforts are effective, and I would like to know what industry and public support exists for these expanded efforts. I am particularly concerned that USDA has requested scarce discretionary resources for lower priority programs.

For example, APHIS has requested an increase to enhance implementation of Lacey Act provisions. I have trouble supporting such an increase at the expense of higher priority and more effective animal and plant health programs, many of which the agency has proposed to decrease.

With the overall spending caps still in effect, I anticipate that this Subcommittee's funding levels will remain relatively flat at best. We have tough allocation decisions that are before us, and I want to be sure that we maintain funding for the most critical and the most successful programs.

Today and in the coming months, we expect to have an ongoing dialogue with your agencies as we develop a fair and responsible budget for the next fiscal year.

So again, thank you each for being here. I would now like to ask our distinguished Ranking Member, Mr. Farr, for any opening statements that he may have.

Mr. FARR. Mr. Chairman, I have no opening statement. I am so excited listening to this distinguished, intelligent panel that let's just get on with the hearing.

Mr. ADERHOLT. Very good. Thank you, Mr. Farr.

Also, before I get started, let me just take time to recognize Karen Ratzow. She has been on detail with our office, with the Subcommittee office, from the APHIS budget office, and she has been a very valuable member to the Subcommittee over the past year.

She is very diligent. She has a tremendous work ethic, is very knowledgeable in the budget process, always eager to volunteer and always to lend a hand wherever she can. She quickly became a part of this team from very early on when she came here, and while her detail is slowly coming to an end, we do want to thank her for her service and look forward to working with her as she returns to APHIS. So I just wanted to mention that. Thank you.

At this time, Mr. Under Secretary, I will give you the floor and let you speak as you would like as your prepared remarks.

#### OPENING STATEMENT—MR. AVALOS

Mr. AVALOS. Thank you, Mr. Chairman.

Distinguished members of the Subcommittee, before we get into the budget request, I would like to offer my condolences on the passing of Congressman Nunnelee. I vividly remember one exchange that the honorable Congressman and I had. We were discussing the Specialty Crops Grant Program and the different State marketing slogans we used to identify specific products and specific States.

I mentioned using New Mexico: Taste the Tradition, when I was in charge of marketing at New Mexico Department of Agriculture—I told him his State slogan was unique and one of my favorites. He admitted that he did not know what it was, but when I told him that it was, "Make Mine Mississippi," I saw a smile and look of pride in his face. He will be missed.

Mr. ADERHOLT. Thank you.

Mr. AVALOS. I appear before you to discuss the activities of the Marketing and Regulatory Programs mission area at USDA and to present the fiscal year 2016 budget proposals for AMS, APHIS, and GIPSA. With me today are Ms. Anne Alonzo, Mr. Kevin Shea, and Mr. Larry Mitchell. They have statements for the record, and they will answer questions regarding specific budget proposals in their agencies. Also with me is Mr. Michael Young, USDA budget officer.

The MRP agencies have achieved significant accomplishments recently. I will talk about a few today, and I have additional accomplishments in my written statement.

In fiscal year 2014 APHIS, in cooperation with other agencies, successfully negotiated and resolved 170 sanitary and vital sanitary trade issues with an estimated value of \$2.5 billion. This in-

cludes opening new markets as well as retaining and expanding existing market access for U.S. agricultural products.

To illustrate the impact of APHIS' efforts to open markets, I will highlight the agreement recently reached with China to allow U.S.-grown apples into the Chinese market. With this new agreement, the apple industry estimates exports will reach nearly \$100 million.

AMS also has a role in promoting trade and opening new markets. In July 2014, the U.S. and Korea announced an organic equivalency agreement that should create market access for a market that is valued at over \$35 million a year.

In fiscal year 2014, GIPSA provided over 3.3 million inspections on grain, with a value of over \$45 billion. GIPSA has succeeded in making these inspections affordable. Export services' fees are about a penny per bushel. Further, the sheer volume of grain that GIPSA inspectors evaluate on a daily basis is absolutely astounding. GIPSA inspects, on the average, the equivalent of more than 380,000 acres of wheat. That is every day.

Next I will present a select number of requests for increases in our 2016 APHIS budget. As part of the government-wide initiative to address antimicrobial resistance, we are requesting \$10 million to increase our surveillance efforts to antimicrobial-resistant bacteria.

The budget also includes an increase to address the threat of citrus greening. This work continues the efforts that were initiated by this Subcommittee's direction to establish a multi-agency response.

The budget also includes an increase to combat illegal logging. This increase is consistent with our goal today to balance the need to enforce the 2008 amendments to the Lacey Act with the need to facilitate legitimate trade.

For AMS programs, additional funding is requested to work with Federal, State, and local stakeholders to access regional food systems and determine key characteristics that will help food system developers, investors, and State and local governments better understand the challenges and opportunities for growth in their local food systems.

For GIPSA, the budget includes a modest increase in existing restrictions on user fee expenditures to a maximum of \$55 million for grain inspection and weighing. This adjustment to the obligation cap will allow GIPSA to keep pace for overall increases in volume of trade as well as to be present in new export facilities as they come online.

Mr. Chairman, this concludes my statement. I look forward to working with the Subcommittee on our fiscal year 2016 budget. And we are happy to answer any questions.

[The information follows.]

**Marketing and Regulatory Programs****Statement of Mr. Edward Avalos, Under Secretary  
Before the Subcommittee on Agriculture, Rural Development,  
Food and Drug Administration, and Related Agencies**

Mr. Chairman and distinguished members of this Subcommittee, I am pleased to appear before you to discuss the activities of the Marketing and Regulatory Programs (MRP) mission area of the U.S. Department of Agriculture (USDA) and to present the fiscal year (FY) 2016 budget proposals for the Agricultural Marketing Service (AMS), the Animal and Plant Health Inspection Service (APHIS), and the Grain Inspection, Packers and Stockyards Administration (GIPSA).

With me today are: Mr. Kevin Shea, Administrator of APHIS; Ms. Anne Alonzo, Administrator of AMS; and Mr. Larry Mitchell, Administrator of GIPSA. They have statements for the record and will answer questions regarding specific budget proposals for their respective agencies. Also with me is Mr. Michael Young, USDA's Budget Officer.

Secretary Vilsack said before this Subcommittee that the Administration is strongly committed to strengthening the middle class and helping America's families get ahead. MRP helps accomplish this in a variety of ways. For example, both AMS and GIPSA certify the quality of agricultural commodities and provide industry with a competitive edge earned by the USDA seal of approval for grading and inspection. AMS also facilitates marketing by reporting essential market data, upholding strong organic standards, and supporting the ongoing growth of local and regional food systems. GIPSA works to help ensure that livestock producers have a fair and competitive market environment. APHIS protects the health of plants and animals, enhancing the competitiveness of U.S. producers by keeping production and marketing costs low. All three agencies help resolve international issues to maintain and open markets around the world for U.S. products, thus supporting American families.

Agriculture is an engine of growth and prosperity, directly or indirectly supporting 16 million jobs. As federal agencies tasked with regulating and facilitating this industry, MRP agencies must perform this work at the speed of commerce. We have continued quality operations because we streamlined processes, focused our resources on the highest priorities, and enhanced partnerships. Streamlined processes would not be possible without the dedication of our employees. We challenged them to find ways to do their jobs more efficiently and effectively without sacrificing quality and the employees of AMS, GIPSA, and APHIS met that challenge. Even with the dedication of our employees, there is a need to restrain our spending while meeting the needs of our stakeholders. Accordingly, this requires us to focus our limited resources on the highest priorities. The MRP agencies have also worked hard to enhance partnerships to achieve shared objectives. These partnerships have been with state agencies, industry groups, and universities, among others.

The MRP agencies have achieved significant accomplishments recently, a few of which I would like to highlight.

#### ANIMAL AND PLANT HEALTH INSPECTION SERVICE

In FY 2014, APHIS, in cooperation with other agencies, successfully negotiated and resolved 170 sanitary and phytosanitary trade issues with an estimated value of \$2.5 billion. This includes opening new markets as well as retaining and expanding existing market access for U.S. agricultural products. To illustrate the impact of APHIS' efforts to open markets, I want to highlight one recent example. In January, USDA reached an historic agreement with China to allow all U.S. grown apples into the Chinese market. With this new agreement, the apple industry estimates exports to China will reach 5 million bushels annually, a value of nearly \$100 million. This will be a significant boost for American apple producers. In a similar vein, we have heard the concerns of California apple and stone fruit producers regarding the oversight needed to move their products to key trading partners. I can assure you that we are working diligently to address their concerns.

We appreciate this Committee's support of the Multi-Agency Coordination Group (MAC) for Huanglongbing (HLB), or citrus greening. The MAC has brought unprecedented coordination and cooperation across Federal and State agencies and industry in an effort to fill gaps and speed progress on methods to fight HLB. The tools being developed through the HLB-

MAC provide promise of detecting and even treating HLB. Also in plant health, the success of a collaborative effort was demonstrated this past year with the detection of a single European Grapevine Moth in California. This is a vast improvement from the detections of more than 100,000 moths in FY 2009. While a few more years of surveys will be needed before we can claim victory, the dramatic reduction in detections is a clear demonstration of the success that can come about when State, Federal, and industry partners work together.

In FY 2014, APHIS responded to a disease outbreak impacting the swine industry, Swine Enteric Coronavirus Diseases (SECD), notably Porcine Epidemic Diarrhea virus (PEDv), by transferring emergency funding and implementing emergency actions. Through our efforts, we have noted considerable improvement in our ability to respond to these diseases. After six months of enhanced response, APHIS reported significant advances: far more accurate monitoring of current disease incidence and spread; granting of two conditional licenses for vaccines; improved ability to detect new viruses and changes to existing viruses through viral genetic sequencing; and an improved information technology network with the laboratories that allows federal and state health officials to better understand the spread of the disease in nearly real time.

Also in FY 2014, APHIS initiated the National Feral Swine Damage Management Program with the support of this Committee. These animals cause damage estimated at \$1.5 billion annually and pose risks to agriculture, natural resources, property, animal health, and human health and safety. Together, with our partners in 41 States, APHIS established State-level management control plans that outline management goals and objectives with regard to feral swine situation in each State. Depending on local conditions, these range from total elimination of feral swine to management of individual populations. In FY 2014, APHIS and its cooperators conducted operational activities on approximately 110 million acres. A key part of the national program includes surveillance and disease monitoring to protect the health of our domestic swine. APHIS collected 2,800 feral swine biological samples to assess disease risks. With the progress we have seen to date, I am pleased to announce that we expect to eradicate feral swine from two States in FY 2015, which is three years earlier than we first projected. However, much work remains to be done as the program enhances work in States that have higher populations of feral swine.

To strike the balance between rigorous scientific review and timely entry to the market of

genetically engineered crops, USDA streamlined and improved the process for making determinations on petitions involving biotechnology. Because of the enhancements, we reduced the length of the petition review by more than 600 days when we can use the environmental assessment process. With this improvement, we estimate that the cumulative number of actions taken to deregulate biotechnology products based on a scientific determination will increase from a cumulative total of 87 actions in 2011 to an estimated 119 in 2016.

Finally, APHIS' Animal Welfare unit made two important regulatory changes to protect the health of pets in the United States. First, the final rule that revises the definition of "retail pet store" in the Animal Welfare Act (AWA) regulations became effective. The rule closes a loophole that, in some cases, threatened the health of pets sold sight unseen over the Internet and via phone- and mail-based businesses. Also last year, APHIS amended the AWA regulations to require that dogs imported into the United States for resale are healthy, vaccinated, and are over six months of age, with limited exceptions.

#### AGRICULTURAL MARKETING SERVICE

This year marks 100 years of AMS' Market News providing agricultural stakeholders with the information they need to evaluate market conditions and trends, make purchasing decisions, and assess movement of products across the nation and the globe. Every year, AMS issues more than 250,000 reports that get more than 53 million views. Agricultural stakeholders around the country rely on USDA Market News as a trusted source for timely, reliable, unbiased data. Market News is constantly evaluating the evolving needs of the agriculture industry to better serve our stakeholders. For example, AMS is increasing reporting on organic commodities and on locally and regionally marketed products in response to market demand. We recently released an innovative, enhanced version of the Market News Portal with simplified navigation, giving users easier access to the wealth of timely and reliable data.

AMS plays a key role in international trade by representing the interests of U.S. producers to develop internationally-recognized standards. USDA standards are accepted as the basis for trade, marketing, arbitration, sourcing of product, and consumer information by private industry. These standards provide a common language of product qualities for buyers and sellers of commodities. In 2014, for example, as part of the Regulatory Cooperation Council, the U.S. and Canada agreed to harmonize the terminology used for wholesale meat cuts by adopting the

Institutional Meat Purchase Specifications (IMPS) as the standard meat nomenclature. Meat production in the U.S. and Canada is highly integrated, so using the same terminology reduces the cost of maintaining separate inventories and facilitates efficient trade with our Canadian partners. In addition, AMS quality systems verification programs certify that products meet export requirements and policies of specific countries, enabling billions of trade in dairy, meat, and egg products.

I would like to highlight for you today one verification program, a user-fee funded activity, that was announced in 2013, but is expected to see an increase in its popularity and use. Some consumers have already started to see official USDA tenderness labels when shopping for beef. We expect these labels to become more common as additional consumers become aware of them and the value they provide when they are deciding what beef to purchase for their needs. Another factor that will drive the popularity of these labels will be the benefits seen by meat packers and retailers to market higher quality beef. This and the many other grading, certification, and audit verification services provided by AMS are key to informing consumers and allowing retailers to capture premier markets.

In 2014, AMS' Commodity Purchase Program purchased a total of over \$1.5 billion worth of food from our nation's producers. These purchases support producers in rural America, while helping meet government nutrition goals. Consistent with the 2014 Farm Bill, AMS and the Food and Nutrition Service (FNS) are conducting a pilot project in eight states to provide flexibility for schools to use USDA food entitlement dollars for the procurement of unprocessed fruits and vegetables. The goal of the pilot is to develop additional opportunities for schools to purchase fruits and vegetables with entitlement funding; take advantage of existing commercial distribution channels and relationships between schools and growers, wholesalers, and distributors; and allow schools to purchase at the local level if they so choose. It also expands opportunities for our nation's fruit and vegetable producers. At this time, AMS has already approved 20 vendors, and we continue to accept applications from eligible vendors who meet established requirements to participate in the program.

AMS grant programs play an important role in facilitating marketing. The Federal-State Marketing Improvement Program (FSMIP) provides matching funds to States to assist in exploring new market opportunities for U.S. food and agricultural products, both locally and internationally. Recent FSMIP projects have supported efforts to bolster local and regional food

systems through farmers markets and community supported agriculture operations, while other projects have focused on building international markets for pine lumber, pork, and more. With the Specialty Crop Block Grant Program, AMS is strengthening markets for specialty crops, such as fruits, vegetables, tree nuts, horticulture and nursery crops. In FY 2014, all 50 States, the District of Columbia, and four U.S. Territories were awarded Specialty Crop Block Grants that will fund a total of 838 projects. These grants address issues ranging from food safety to research needs to increased access to fruits and vegetables, all benefiting specialty crop producers and consumers across the country. With additional funding from the 2014 Farm Bill, we are able to do even more to help specialty crop growers increase profitability and sustainability.

AMS, along with other USDA agencies, is also helping producers tap into growing consumer demand for locally-grown food. Local food sales topped \$6 billion in 2012, and Secretary Vilsack has identified strengthening local and regional food systems as one of the four pillars of USDA's work to help revitalize the rural economy and create jobs. Recently, AMS launched a new set of Local Food Directories to help consumers find Community Supported Agriculture enterprises, food hubs, and on-farm stores, making it easier for consumers to find local food. AMS research and technical assistance contribute to our efforts to provide farmers and ranchers around the country with tools to reach consumers, strengthen ties between urban and rural communities, and help meet the growing demand for locally and regionally produced food.

Demand for certified organic food products also continues to grow. In 2014, AMS partnered with 13 organizations to develop tools that will identify and remove barriers to certification and streamline the certification process. The projects will be completed by September 2015. Tools, resources, and technical assistance – including educational materials, training videos, and more – will be widely available to help farmers and businesses that are new to organic production. The 2014 Farm Bill added additional resources to support organic certification, research, and market development. AMS quickly made organic certification cost-share funds available to help producers pay for the cost of certification, and we have already published a proposed rule to expand the organic exemption for producers paying into commodity checkoff programs.

AMS also has a role in promoting organic trade and opening new markets for organic

products. After the Republic of Korea halted organic imports in January 2014, AMS helped reopen the market. On July 1, 2014, the U.S. and Korea announced an equivalency agreement that eliminates export barriers, creating opportunities for American businesses and securing access to a market valued at \$35 million per year. Over the last five years, AMS has established organic equivalency arrangements with the world's four largest organic markets – Canada, the European Union, South Korea and Japan – creating an open market for \$60 billion in combined organic sales.

#### GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

GIPSA also had many noteworthy accomplishments. GIPSA closed 1,668 investigative files on potential violations of the Packers and Stockyards Act in FY 2014. This is almost three times the number closed in FY 2000, despite having fewer staff. This achievement was brought about by investments in enterprise automation and improved operational efficiency. In addition, GIPSA also provided over 3.31 million inspections on 297.9 million metric tons of grain with a value of over \$45 billion. GIPSA has succeeded in having these inspections be affordable (for export services, the fees are about one penny per bushel) and provide a common language for trade around the country and around the world. Further, the sheer volume of grain that GIPSA inspectors evaluate on a daily basis is astounding. To put it in perspective, when we extrapolate from USDA's most recent crop production data as well as export volume for the first three months of FY 2015, GIPSA inspects on average the equivalent of 381,769 acres of wheat a day.

#### **FY 2016 Request**

The 2016 Budget requests total budgetary authority of close to \$2.4 billion for the MRP agencies, of which about \$987 million is from discretionary appropriations, more than \$845 million from Customs receipts and about \$463 million from fees charged to the direct beneficiaries of MRP services. MRP agencies continue to address core mandates and high priority needs while using taxpayer resources as efficiently as possible. With this in mind, I would like to highlight the budget requests for the MRP agencies.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The President's Budget request proposes discretionary appropriations of about \$859 million for APHIS. In addition, existing user fees of more than \$232 million will support Agricultural Quarantine Inspection activities directly managed by APHIS. The proposal requests increased cost-sharing from cooperators of several pest programs related to specialty crops and tree pests; this allows lesser demand for Federal taxpayer resources, and provides a more balanced allocation of responsibility between the States and localities that directly receive this assistance and taxpayers. In recent years, successful efforts to eradicate pests, like boll weevil, and to minimize the risk of animal diseases, like bovine spongiform encephalopathy, have allowed for savings without negatively impacting producers. These and other carefully considered reductions, together with aggressive streamlining steps, allow us to request a small number of increases for our highest priorities.

As part of a Government-wide initiative to address antimicrobial resistance, USDA is requesting a total of \$77 million, an increase of \$57 million from the 2015 Enacted level. Within that increase, APHIS is requesting \$10 million to increase the depth of data collection, develop monitoring programs, and leverage other data and samples from existing APHIS animal health surveillance systems. With development of new antibiotics being limited and the growth of resistance to existing antibiotics, this increase is essential to stem the tide of antimicrobial resistance. This funding will work in tandem with funding being requested within the Research, Education, and Economics mission area.

Given recent outbreaks of highly pathogenic avian influenza along the West Coast, it is worth highlighting that the Budget maintains the existing funding level for Avian Health activities. Also of note, the Swine Health line item includes a slight increase to maintain our response to the novel swine enteric corona viruses, notably porcine epidemic diarrhea virus that became prominent last year. Both of these diseases can be highly disruptive to their respective industries; and we are committed to working with State, industry, and other stakeholders to minimize the impact of these diseases.

The Budget includes an increase for the Agricultural Quarantine Inspection activities funded by discretionary funding. This increase will be used to provide the necessary staffing, canine teams, and equipment replacement needed to adequately inspect baggage bound for the continental United States from Hawaii and Puerto Rico. Without this modest increase to replace

aging equipment and address the need for more inspectors at peak travel times, APHIS may have difficulty in continuing to prevent pests like exotic fruit flies in Hawaii from reaching the mainland or may be forced to increase the time needed to clear passengers and cargo. The Budget also includes an increase to continue to address the threat of huanglongbing (citrus greening). This work continues the efforts initiated at this Subcommittee's direction to support a multi-agency response to citrus greening, with the goal of finding and delivering effective tools to citrus growers to help them combat this devastating disease.

Finally, the Budget includes an increase to combat illegal logging and protect natural resources on a global scale. According to a study by the U.N. Environmental Program, illegal logging accounts for \$30-\$100 billion annually, and it is linked to a variety of other criminal activities and affects the operations of legitimate businesses. This increase will enable importers to file Lacey Act declarations through an automated system and maximize the number of products reviewed for compliance with the 2008 amendments to the Lacey Act. This increase is consistent with our goal to date of balancing the need to enforce the 2008 amendments to the Lacey Act with the need to facilitate legitimate trade.

#### AGRICULTURAL MARKETING SERVICE

The President's Budget request for AMS proposes a discretionary appropriation of about \$84 million. This funding level includes the resources needed for ongoing Marketing Services activities and Federal-State Marketing Improvement Program matching grants. Additional funding is requested for the Transportation and Market Development Program to work with Federal and State agencies, land-grant universities, and regional planning commissions to assess local and regional food systems and determine key characteristics such as production capacity, market size, and demographics. This information will help food system developers, investors, and state and local governments better understand the challenges and opportunities for growth in their local food systems. By working with these partners, AMS can encourage efficient and high-impact use of Federal programs that support local and regional foods, as well as inform better planning at the local and regional level. These efforts will support the USDA strategic goal to assist rural economies to create prosperity by strengthening local and regional food systems.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

The budget proposes a discretionary appropriation of slightly more than \$44 million. About \$24 million is requested for the P&SP while approximately \$20 million is for FGIS activities including standardization, compliance, and methods development activities. The budget includes a modest increase in the existing restrictions on user fees expenditures to a maximum of \$55 million for grain inspection and weighing. This represents an increase of \$5 million from FY 2015. The discretionary budget includes a request for additional funding to allow the P&SP to facilitate market protections for buyers and sellers of livestock and poultry through greater compliance, investigative, and enforcement activities in the field. Funds would provide equipment and other support expenses needed for its field staff to effectively conduct regulatory and investigative work. The discretionary budget also includes an increase for FGIS to purchase modern scientific equipment, which will ensure that the results reported on FGIS certificates for all commodities and grain tested are available to customers in a more expeditious manner without sacrificing quality.

CONCLUSION

In closing, the budget request for MRP supports our key role in growing the rural economy and supporting producers and consumers across the Nation. Under this Administration, agricultural exports have had the strongest five-year period of growth in our nation's history, and set a new record in FY 2014 at \$152.5 billion. MRP programs have contributed significantly to this success as well as the development of domestic markets.

This concludes my statement. I look forward to working with the Subcommittee on the FY 2016 Budget and will be glad to answer questions you may have on these budget proposals.

## ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Statement of Mr. Kevin Shea, Administrator  
Before the Subcommittee on Agriculture, Rural Development,  
Food and Drug Administration, and Related Agencies  
Committee on Appropriations, U.S. House of Representatives

Mr. Chairman and distinguished members of the Subcommittee, I appreciate the opportunity to appear before you on behalf of the dedicated and hard-working employees of our Agency to discuss the United States Department of Agriculture's (USDA) priorities for the Animal and Plant Health Inspection Service (APHIS) and to provide you with an overview of our fiscal year (FY) 2016 budget request.

APHIS' mission is to safeguard the health and value of U.S. agricultural and other plant and animal resources. APHIS employees come to work, every day, across the country and around the world, to serve our customers and stakeholders. Those customers may be ranchers, citrus producers, or licensed animal dealers, among many others. Our programs protect U.S. livestock, poultry, and specialty crops worth more than \$191 billion (based on data from the 2012 Census of Agriculture). We also protect the well-being of 2.5 million animals under the Animal Welfare Act. Our FY 2016 budget proposal strikes a balance between our country's ongoing need to reduce the Federal deficit and the need for targeted investments in high-priority areas to ensure APHIS can continue to safeguard our agricultural and natural resources in the coming years as well as deal with new threats as they arise.

APHIS has just released a new strategic plan to guide us through the next 5 years. As APHIS Administrator, I have several core beliefs that form the foundation of this plan. First, healthy and profitable agriculture is good for America; it provides food and clothing for countless people worldwide and is a key pillar to a thriving economy. Second, as a Federal agency, APHIS' role is to take actions that no one State or individual entity can take on their own. And third, APHIS has a special role to carry out in caring for vulnerable animals. Our new strategic plan lays out seven goals, from preventing the entry and spread of agricultural pests and diseases to creating an APHIS for the 21<sup>st</sup> century that is high-performing, efficient, and adaptable.

As we worked to develop this strategic plan over the last 2 years, we began meeting with our stakeholders to help us identify critical priorities and areas of need. This year, along with the Deputy Administrators from all six APHIS program areas, I am meeting with representatives from 20 different sectors, representing a wide variety of APHIS stakeholders. We are pleased to have the opportunity to discuss important, over-arching concerns in a proactive way and work with our stakeholders to help address the issues that are most critical to them. An outcome of the first round of these stakeholder engagements was the Multi-Agency Coordination Group (MAC) for Huanglongbing (HLB), or citrus greening, that is helping to deliver tools to combat this devastating disease to the hands of growers. More recently, after meeting with representatives of the aquaculture industry, and hearing that they needed more help from APHIS in taking advantage of international markets, we worked with the industry to develop a draft set of voluntary Commercial Aquaculture Health Program Standards. These standards will establish a non-regulatory framework to improve and verify the health of farmed aquatic animals in the United States and facilitate trade in these products.

Our programs continue to support all of the Secretary's goals: assisting rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving; ensuring our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources; helping America promote agricultural production and biotechnology exports as America works to increase food security; and ensuring that all of America's children have access to safe, nutritious, and balanced meals.

We appreciate the Committee's support of our programs, as you demonstrated with the resources provided in FY 2015, which will ensure we can continue supporting our farmers and ranchers. We are using the increases provided in Swine Health and Specialty Crop Pests to address two significant disease threats faced by our farmers, porcine epidemic diarrhea virus (PEDV) and HLB. We are using the increase in the Overseas Technical and Trade Operations line item to increase export opportunities for our farmers and ranchers.

I would like to acknowledge the level of dedication and effort that APHIS employees give to their jobs every day and would like to report on our key accomplishments of the past year. One of these areas is our biotechnology petition review process. In recent years, it was taking us more than 3 years to review and prepare the evaluations necessary to make our regulatory decision. We also had a growing backlog of petitions. To address this situation, we undertook our business process improvement review and developed a process that will take 13 to 16 months for petitions that do not require an environmental impact statement (EIS). I am proud to report that we are nearly through the list of our backlogged petitions and are now completing petition reviews that do not require an EIS in an average of 18 months. And we are doing so without

compromising the quality of our analyses. We expect to fully meet the new timeframes for new petitions we receive in FY 2015 that do not require an environmental impact statement. For petitions that do require an environmental impact statement, we are devoting additional resources to these intensive analyses, so they can be completed in a timely manner as well. Since 1992, we've deregulated 114 petitions, 7 of these in FY 2014, allowing companies to bring new products to the marketplace.

Right now, the United States is dealing with the detection of highly pathogenic avian influenza (HPAI) in several western States. Until late last year, HPAI had not appeared in our country's poultry flocks for about a decade. But in December 2014, APHIS and State partners detected the disease in West Coast backyard poultry. In January and February, we confirmed HPAI in commercial flocks. Due to APHIS and State partners' efforts, we were able to respond immediately to these detections to minimize further spread. While additional detections are likely to occur, we can assure you that the United States has the strongest avian influenza surveillance program in the world and our work will minimize the spread of HPAI.

In FY 2014, APHIS initiated the National Feral Swine Damage Management Program with the support of this Committee. These animals cause damage estimated at \$1.5 billion annually and pose risks to agriculture, natural resources, property, animal health, and human health and safety. APHIS is working to remove animals in the 41 States, and together, with our partners, APHIS established State-level management control plans that outline management our goals and objectives with regard to feral swine in each State. Depending on local conditions, these range from total elimination of feral swine populations to management of individual populations.

In FY 2014, APHIS and its cooperators conducted operational activities on approximately 110 million acres.

We also appreciate this Committee's support of the HLB MAC. The MAC is working diligently on behalf of the citrus industry to fund near-term practical tools and solutions for the industry to use in combatting HLB. It has brought unprecedented coordination and cooperation across Federal and State agencies and industry in an effort to fill gaps and speed progress on methods to fight this disease. Some of the tools being developed include delivering thermal therapy to citrus trees (to kill the bacteria that causes HLB) on a grove-size scale, increasing production of biological control agents to manage Asian citrus psyllid populations (which spreads HLB), and training detector dogs to find trees newly infected with HLB, among other exciting projects.

In FY 2014, the U.S. swine industry faced a new threat from novel swine enteric corona viruses (SECD), including PEDV and porcine delta coronavirus, which sickened and killed millions of piglets in nearly 40 States. In June 2014, the Secretary of Agriculture provided \$26.2 million in emergency funds to APHIS to address SECDs by supporting diagnostic testing as well as biosecurity plans for producers and veterinarians. We also issued a Federal Order making it mandatory to report cases of SECDs to Federal and State officials. Thanks to this and to improved technology networks, we're getting more accurate and timely information which is helping us better understand how SECDs spread and how best to contain them.

We also have made significant progress in addressing a variety of plant pests, including our very successful work with the State of California and industry to keep the European grapevine moth

(EGVM) from establishing a foothold here. We detected more than 100,000 of these moths in FY 2009, the first year of the program. Last year, on track with our expectations, we found a single, solitary moth. It meant we could free all of Solano County, and portions of Sonoma and Napa counties, from Federal quarantine in time for the fall grape harvest. Although we can't claim just yet that we've completely eradicated this pest, this progress is a tremendous win for all of us. And in another California success, in January we were able to declare that the red palm weevil—a major palm tree pest—had been eradicated from the Laguna Beach area of Orange County. I am also very proud of the work we have done toward completely eradicating boll weevil from the United States. More than 30 years ago, you could find boll weevils in every cotton-producing state from Virginia to Texas. Through our cooperative work with our State partners, the cotton industry, and our counterparts in Mexico, we have eradicated boll weevils from 99.5 percent of the 16 million acres of the U.S. cotton crop. In fiscal year 2014, the number of boll weevils captured decreased in the Valley by more than 32 percent. This effort helped growers in the Valley have the option to plant 55,000 more acres of cotton than they did the previous year.

We have also used the funding provided by the Agricultural Act of 2014 (i.e., 2014 Farm Bill) to continue to enhance plant health through two important programs, Plant Pest and Disease Management and Disaster Prevention and the National Clean Plant Network (NCPN). Since 2009, APHIS has funded more than 1,800 projects in 50 States and 2 U.S. territories, strengthening our abilities to protect U.S. agriculture and natural resources from foreign pest threats. In support of the NCPN, which provides reliable sources of pathogen-free planting stock of high-value specialty crops, APHIS and cooperators have also provided funding and other

support to 20 clean plant centers and associated programs in 16 States representing 5 specialty crops including fruit trees, grapes, citrus, berries, and hops.

The ability to export their products is key to the growth and continued success of U.S. farmers and ranchers and related businesses. For some crops, 50 percent or more of our production is exported, including 80 percent of U.S. cotton, 70 percent of tree nuts, and 50 percent of wheat and rice. Agricultural exports surpassed \$152 billion in FY 2014, and have climbed more than 58 percent in value since 2009, totaling \$771.7 billion over the past five years. They have increased in volume as well as monetary value, demonstrating world-wide demand for high-quality U.S. grown products. I am proud of APHIS' role in continuing to help U.S. farmers and ranchers access new markets. Just this January, we reached an historic agreement with China to allow all U.S. grown apples into the Chinese market, valued at \$100 million. Our efforts result in high quality, fresh U.S. apples being available for consumers in China and a significant boost in sales for American apple producers. Last year, APHIS, in cooperation with other agencies, successfully negotiated and resolved a total of 170 sanitary and phytosanitary (SPS) trade-related issues involving U.S. agricultural exports, with an estimated market value of \$2.5 billion. This includes continuing our efforts to eliminate all remaining bovine spongiform encephalopathy (BSE)-related restrictions on U.S. cattle and beef. In FY 2014, we achieved success with several countries agreeing to remove all BSE restrictions and grant access to U.S. beef and beef products. These include major markets such as Mexico and Hong Kong, among others. We maintained export markets for live swine to China, the European Union (EU), Ecuador, Japan, Korea and Mexico by negotiating additional requirements to address the outbreak of PEDV in the United States. APHIS also successfully intervened in 273 situations where U.S. cargo was

held up at foreign ports-of-entry, which prevented the rejection of shipments worth more than \$49 million.

APHIS is committed to continuing to develop better, faster business processes to improve our customers' experience and deliver services more efficiently. In FY 2014, we undertook six business process reviews in a variety of areas that ranged from reducing energy use at our sterile insect production facility in Panama for the Screwworm program to a senior level review processes for APHIS' fleet management policies. With the improvements identified for our sterile insect production facility, we plan to reduce energy consumption at that facility by 5 percent annually for the next 3 years, which will contribute to the long-term sustainability of our barrier against the northward spread of this devastating insect. Since 2011, APHIS has conducted 23 of these reviews to identify and implement ways to streamline Agency processes. The solutions have led to increased capacity and time savings for our programs and our customers.

Our Animal Welfare program carries out activities designed to ensure the humane care and treatment of animals covered under the Animal Welfare Act (AWA) through inspections, enforcement, education, and collaboration with others. In FY 2014, APHIS made two important regulatory changes to protect the health of pets in the United States. First, the final rule that revises the definition of "retail pet store" in the AWA regulations became effective. The rule closes a loophole that, in some cases, threatened the health of pets sold sight unseen over the Internet and via phone- and mail-based businesses. Since the rule became effective in November 2014, APHIS has issued 136 new retail pet store licenses (as of February 18, 2015). Also last

year, APHIS amended the AWA regulations to require that dogs imported into the United States for resale are healthy, vaccinated, and are over six months of age, with limited exceptions.

#### FY 2016 Budget

Our FY 2016 budget requests a total of \$858.9 million, including \$3.2 million for our Buildings and Facilities account. This is a net decrease of \$15.5 million, or approximately 1.8 percent, from the FY 2015 appropriation of \$874.5 million. The budget contains several requests to support mission critical activities while proposing decreases in other areas. Among the proposed increases is \$10 million to implement APHIS' portion of the USDA Anti-Microbial Resistance (AMR) Action Plan. AMR poses a serious threat to human and animal health, and APHIS will use the funding requested to enhance on-farm surveillance, providing critical information about the prevalence of AMR and inform government-wide efforts to address it. We are also requesting a \$7.5 million increase, including \$3.0 million of new funding and \$4.5 million in redirected funds, to continue the efforts of the HLB MAC Group to find and deliver effective tools into the hands of citrus growers to help them combat this devastating disease. In another important area, APHIS is requesting a \$5.5 million increase for the Lacey Act program, which is part of a collaborative effort by USDA, the U.S. Department of Justice, the U.S. Department of the Interior, and others to combat illegal logging on a global scale. According to a study by the U.N. Environmental Program, illegal logging accounts for \$30-\$100 billion annually, and it is linked to a variety of other criminal activities and affects the profitability of legitimate logging enterprises. Finally, I would like to highlight our request for a \$2 million increase for the Agricultural Quarantine Inspection pre-departure inspection program. This core-mission

program allows us to prevent the spread of pests and diseases from Hawaii and Puerto Rico to the U.S. mainland while allowing for the smooth flow of tourists and commerce. Without this increase to replace aging equipment and address the need for more inspectors at peak travel times, APHIS may have difficulty in continuing to prevent pests like exotic fruit flies in Hawaii from reaching the mainland.

APHIS is proposing decreases in areas where we feel we can reduce efforts without compromising progress towards program goals, such as Cotton Pests and Cattle Health. We are continuing our effort to balance the Federal portion of the costs for cooperative plant pest and disease programs with reductions proposed in the Specialty Crop Pests and the Tree and Wood Pests line items. While we recognize the importance of the programs to our nation's agricultural health, we urge our State and industry partners to put more resources into these programs that are vital to their interests as well. Other areas where we believe the cooperators who benefit most should cover a larger share of the costs include portions of our Wildlife Damage Management program.

APHIS' mission of safeguarding U.S. agriculture is ever more critical. Agricultural production practices, global trading patterns, and pest and disease threats are changing. But our core objective remains the same. It is simple, but vital: to protect American agricultural and other animal and plant resources. On behalf of APHIS, I appreciate your support and look forward to a continued, productive relationship. I would be glad to answer any questions you may have.

**AGRICULTURAL MARKETING SERVICE****Statement of Anne L. Alonzo, Administrator  
before the Subcommittee on Agriculture, Rural Development,  
Food and Drug Administration, and Related Agencies**

Mr. Chairman and Members of the Subcommittee, I am very pleased to have this opportunity to present the fiscal year (FY) 2016 budget request on behalf of the Agricultural Marketing Service (AMS). America's economic vitality depends on competitive, efficient, and productive agricultural markets. AMS has a long tradition of administering programs that provide valuable services to farmers, ranchers, and other participants in the agricultural marketing chain. By ensuring fair and open access to markets and information, supporting marketing innovation, delivering market intelligence, and promoting a competitive and efficient marketplace, AMS programs develop agricultural opportunities that advance USDA's goal of creating prosperity in rural communities.

**AMS MISSION**

AMS' mission is to facilitate the strategic marketing of agricultural products in domestic and international markets, while ensuring fair trading practices and promoting a competitive and efficient marketplace to benefit producers, traders, and consumers of U.S. food and fiber products. To accomplish our mission, we partner with State agricultural agencies, local and Tribal governments, other Federal agencies, agricultural producers, and other stakeholders along the marketing chain.

This budget request provides the resources necessary to expand marketing options for farmers and ranchers of all agricultural commodities. To accomplish this, we are requesting a total of \$84 million in annual appropriations. Before I describe our budget proposals, I would like to briefly highlight a few of our recent accomplishments.

## 2014 ACCOMPLISHMENTS

Market News

This year we are celebrating the 100<sup>th</sup> anniversary of the Market News program and its ongoing commitment to improving information products, data access, and market information delivery. Our Market News program collects, analyzes, and disseminates statistics, prices, and sales information that enables producers to evaluate market conditions and trends, make purchasing decisions, and assess movement of products across the nation and the globe. Agricultural stakeholders around the country rely on USDA Market News as a trusted source for timely, reliable, unbiased data.

AMS continues to improve Market News with reports that provide farmers, agricultural businesses, and consumers with unified information across commodities. For example, in response to stakeholder interest, AMS developed a new series of market reports on locally and regionally-produced agricultural products in 2014, issuing reports on farmers markets, farmers' auctions, and direct to consumer sales—with more to come. AMS also expanded reports on organic commodities, which accounted for \$35 billion in annual U.S. sales in 2013. These reports provide transparent market data that can help attract private investment and make it easier for producers to access appropriate credit, insurance, and disaster assistance products.

Also in 2014, we released an innovative version of the Market News portal website with simplified navigation and easier access that allows users to reach existing or customized reports across commodity groups for near real-time information transparency. These improvements to the Market News website will continue in 2015 with updates to the Market News data and technological infrastructure. The new structure will combine reporting functions into one platform to reduce redundancy, improve analysis, increase electronic reporting capability, and speed information delivery from data providers through agency analysts and to the public.

Commodity Procurement

In 2014, AMS' Commodity Procurement Program purchased over \$1.5 billion worth of American grown and processed food that was distributed through the National School Lunch

Program and other food assistance programs. These purchases support American agriculture by providing an outlet for surplus agricultural products and encouraging domestic consumption of domestic foods. AMS also conducts contracting activities on behalf of the Food and Nutrition Service (FNS). As directed by the Agricultural Act of 2014 (2014 Farm Bill), AMS and FNS are conducting a pilot project in eight states to provide flexibility for using USDA food entitlement dollars for the procurement of unprocessed fruits and vegetables. The goal of the pilot is to develop additional opportunities for schools to purchase fruits and vegetables with entitlement funding; take advantage of existing commercial distribution channels and relationships between schools and growers, wholesalers, and distributors; and allow schools to purchase at the local level if they so choose. It also expands opportunities for our nation's fruit and vegetable producers. Throughout 2014, AMS and FNS communicated with interested vendors and interested States via webinars, conference calls, and information sheets before inviting them to apply. USDA announced the eight participating states – California, Connecticut, Michigan, New York, Oregon, Virginia, Washington, and Wisconsin – in December 2014. Since then, AMS has already approved more than 15 vendors, and we continue to accept applications from eligible vendors who meet established requirements to participate in the program.

#### Transportation and Marketing

Investing in local and regional food systems supports the livelihoods of farmers and ranchers while strengthening economies in communities across the country. Local and regional food systems help revitalize rural economies and meet growing consumer demand for local options. Our Transportation and Marketing Program provides tools, including research, technical assistance, and grants, that support local and regional marketing. One popular tool is the USDA National Farmers' Market Directory, which lists over eight thousand markets and gets about two million hits annually, making it easy for consumers to find locally and regionally-produced food. Building on the directory's popularity, we recently released three new online local food directories – USDA's National Community-Supported Agriculture (or CSA) Enterprise Directory, National Food Hub Directory, and National On-Farm Market Directory. The information in these searchable directories is voluntarily self-reported by the listed businesses. The directories facilitate connections between producers and consumers by giving

potential customers, business partners, and community planners' one-stop access to current information about different sources of local foods.

Our Transportation and Marketing program also awards and manages grants for marketing-related projects. Through the \$30 million Farmers Market and Local Food Promotion Program, funded by the 2014 Farm Bill, we awarded grants to eligible entities for projects to establish, improve, and support over 370 local food markets. In addition, the Federal-State Marketing Improvement Program, awarded \$1 million in competitive matching grants to State agencies for 17 projects that explore new market opportunities for food and agricultural products, address marketing barriers, and encourage research and innovation to improve the marketing system.

Also in 2014, AMS launched an outreach initiative to better educate and provide technical assistance to eligible applicants to the Farmers' Market and Local Food Promotion Program grants. Specifically, AMS established an agreement with USDA's National Institute of Food and Agriculture (NIFA) and Regional Rural Development Centers to conduct grant-writing workshops. Eligible applicants are often new to the Federal grants process, and the workshops will help them understand how to develop and submit solid grant applications, as well as manage grant awards. There are currently 95 workshops scheduled for 2015.

To help communities and stakeholders leverage the services already available and identify and fill resource gaps, this year AMS is creating state-by-state Market Guides with comprehensive summaries of available resources for local and regional food systems – essential information that makes it possible for producers/buyers to capitalize on opportunities and establish new connections. AMS is selecting states based on USDA Strike Force criteria and will ultimately complete assessments of all 50 states. The goal is to identify and map states' local food infrastructure and resources in the food supply chain, including production capacity, existing local and regional markets, distribution networks used by local buyers and sellers, processors, market size and demographics, and other food system traits.

AMS' Transportation and Marketing program also provides architectural planning and facility design assistance for food market planners, managers, and communities to improve their

facilities, including food hubs and other aggregation models, farmers' markets, and wholesale markets. AMS support has made it possible for communities to establish farmers markets and food hubs in available lots and repurposed historic buildings. For example, AMS technical assistance was instrumental to creating farmers' markets at an historic flour mill in Pennsylvania, at a train depot in Tennessee, in a ferry terminal in California, and in shipping containers in New York.

AMS has been representing agricultural shippers and reporting on agricultural transportation for decades. This includes providing USDA's comments on rail service and rates to the Surface Transportation Board, issuing the weekly Grain Transportation Report, and more recently launching the Ocean Shipping Container Availability Report. AMS also provides reports on refrigerated truck, barge, and ocean shipping; and prepares profiles of U.S. agricultural ports and exporter guides. AMS is now updating its 2010 report to Congress on a Study of Rural Transportation Issues. Last year, AMS issued a report on Networking across the Supply Chain focused on transportation innovations in local and regional food systems. Report recommendations include building robust and tight scale-appropriate supply chains, and developing relationships between national and regional food logistics.

### Trade

AMS contributes to USDA's trade and export success. For example, AMS establishes commodity quality standards that are universally understood in marketing agricultural goods. AMS maintains the Institutional Meat Purchase Specifications (IMPS), a series of meat product specifications that large volume purchasers reference when buying meat products. In 2014, as part of the Regulatory Cooperation Council, the U.S. and Canada agreed to harmonize the terminology used for wholesale meat cuts by adopting the IMPS as the standard meat nomenclature. Meat production in the U.S. and Canada is highly integrated, and using the same terminology reduces the cost of maintaining separate inventories and facilitates efficient trade with our Canadian partners.

AMS provides user-fee funded export certification and verification programs that offer opportunities for American farmers and businesses to succeed by connecting them with foreign

markets. Specifically, in 2014, the dairy program expanded its electronic document system to facilitate export certification for exported products to China, adding to the existing system for exports to the European Union and leading to over 44,000 export certificates worldwide. The new system has reduced the time required to issue certificates from an average of five days to two days. These dairy export certificates were issued to over 110 countries impacting nearly \$6.6 billion in trade.

### National Organic Program

Our National Organic Program (NOP) develops and enforces USDA organic regulations that govern production, handling, and labeling of organic food and fiber, a rapidly growing sector that offers economic opportunities for farmers and ranchers. In 2014, AMS introduced a “sound and sensible” initiative to make organic certification accessible, attainable, and affordable. To advance this work, AMS is partnering with 13 organizations to share tools that will identify and remove barriers to certification and streamline the certification process. These partner projects will be completed by September 2015. The resulting tools, resources, and technical assistance – including educational materials, training videos, and more – will be widely available to help farmers and businesses that are new to organic production.

In 2014, NOP integrated its list of nearly 27,000 certified USDA operations with its annual list of suspended and revoked operations, thereby increasing awareness of operator status and protecting the integrity of the organic seal. With funding from the 2014 Farm Bill, NOP is building a modernized Organic Integrity Database to replace the existing once-a-year posting of certified organic operations. This database will contain current information on certified organic operations, thereby increasing transparency for the supply chain, promoting visibility for organic operations, reducing the certifier reporting burden, and deterring fraud.

NOP also supports international trade through organic recognition and equivalency agreements. After the Republic of Korea halted organic imports in January 2014, the NOP was a key player in negotiations to reopen the market. On July 1, 2014, the U.S. and Korea announced an equivalency agreement that eliminates export barriers, creating opportunities for American businesses and securing access to a market valued at \$35 million per year in 2013. Over the last

five years, AMS has established organic equivalency arrangements with the world's four largest organic markets – Canada, the European Union, South Korea and Japan – creating an open market for \$60 billion in combined organic sales.

#### FY 2016 BUDGET PROPOSALS

For FY 2016, AMS proposes \$83.1 million for Marketing Services activities and \$1.2 million for Federal-State Marketing Improvement Program (FSMIP) grants, for a discretionary appropriation of \$84.3 million. In total, our Marketing Services request reflects a net increase of \$1.9 million above the 2015 budget, including \$1.8 million for Transportation and Market Development and \$0.6 million for the proposed pay increase and expansion of Federal health benefits for seasonal workers, partially offset by the proposed reduction of \$0.45 million in Shell Egg Surveillance.

The budget includes a \$1.77 million increase for the Transportation and Marketing Program to expand upon its state-by-state assessments of local and regional food systems. Congress generously appropriated \$880,000 for AMS to do this work in FY2015, and AMS is already starting to identify and map local food infrastructure and resources. The FY 2016 requested increase will be used to complete additional state assessments of local and regional food systems. These state-by-state guides will address critical knowledge gaps that communities and businesses need in order to gain a better understanding of the opportunities and challenges facing agricultural food systems across the country. With the FY 2016 request, AMS will conduct comprehensive assessments of the resources available to address food system development in more states each year.

To conduct the assessments, AMS will establish agreements with Federal and State agencies, Land-Grant Universities, Regional Planning Commissions, and other entities. These cooperators will use Geographic Information Systems technology to map local food systems in their States, with layers to represent the resources currently in place. They will also provide information about production capacity, existing local and regional markets, distribution networks used by local buyers and sellers, market size and demographics, and other food system traits.

These assessments will help State and local governments strengthen their policies and initiatives using existing assets and infrastructure, while targeting new initiatives to where they will be most effective. Working with partners at the State or regional level, AMS can encourage efficient and high-impact use of Federal programs and grants that support local foods and help inform planning at the local level. This information will also assist producers and local and regional food businesses by helping them connect with others in their supply chain, resulting in a stronger local and regional food distribution system. AMS will continue core activities related to market facilities, marketing innovation, and agricultural transportation, while providing additional resources to support the development of food hubs and other marketing outlets for locally and regionally produced food.

The Budget includes \$2 million for Shell Egg Surveillance. This is a funding reduction of \$0.45 million made possible by organizational changes and improved compliance at shell egg facilities. The Shell Egg Surveillance Program inspects registered shell egg facilities and prevents eggs that do not meet minimum U.S. standards from entering the consumer marketplace. Over time, industry consolidation has reduced by 28 percent the number of registered facilities that need inspection. Additionally, compliance has improved – the number of compliance actions resulting from inspection has decreased by almost 70 percent since 2000.

AMS will continue inspecting packing plants and hatcheries with the necessary frequency to ensure the effectiveness of the program. The Program will continue to meet the regulatory requirements by inspecting packing plants a minimum of four times annually and hatcheries once annually, working with State Departments of Agriculture and cross-utilizing grading personnel in order to maintain the current inspection levels.

## CONCLUSION

By facilitating competitive and efficient markets for agricultural products, our programs make it possible for agricultural producers, processors, handlers, shippers, and sellers to be successful, supporting rural communities across the country. The allocation of resources proposed in the 2016 Budget represents the most effective use of available funding to advance AMS' important mission. Thank you for this opportunity to present our budget proposal.

**GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION****Statement of Larry Mitchell, Administrator  
Before the Subcommittee on Agriculture, Rural Development,  
Food and Drug Administration, and Related Agencies**Introduction

Mr. Chairman and Members of the Subcommittee, I am pleased to share with you the accomplishments of the Grain Inspection, Packers and Stockyards Administration (GIPSA), and discuss with you GIPSA's fiscal year (FY) 2016 budget proposal.

GIPSA plays an integral role in ensuring the economic viability of America's farmers and livestock producers, and in turn, of rural America. GIPSA programs impact the livestock, poultry, and grain markets directly and GIPSA's work in the three key sectors of American agriculture ensures fair-trade practices and financial integrity for competitive markets, and promotes equitable and efficient marketing across the nation and around the world.

As you know, GIPSA administers two programs that are very important to American agriculture: the Packers and Stockyards Program (P&SP) and the Federal Grain Inspection Service (FGIS). P&SP protects fair trade practices, financial integrity, and competitive markets for livestock, meat, and poultry. FGIS facilitates the marketing of U.S. grains, oilseeds, and related agricultural products through a world-renowned grain inspection and weighing system. Moreover, FGIS maintains the integrity of the grain marketing system by developing unbiased grading standards and methods for assessing grain quality.

GIPSA's organizational structure is reflective of and is designed to support the fulfillment of its mission, goals, and initiatives. P&SP is headquartered in Washington, D.C., has staff in three regional offices located in Atlanta, Georgia; Denver, Colorado; and Des Moines, Iowa; and 57 front-line resident employees located throughout the United States who are the eyes and ears for our compliance and regulatory presence on the ground.

FGIS is also headquartered in Washington, D.C., with its National Grain Center located in Kansas City, Missouri. FGIS has seven field offices, three sub offices, and one Federal/State office. These field offices are located in Grand Forks, North Dakota; Kansas City, Missouri; League City, Texas; New Orleans, Louisiana; Portland, Oregon; Stuttgart, Arkansas; and, Toledo, Ohio. The Federal/State office is located in Olympia, Washington. FGIS delivers official inspection and weighing services via a national inspection system, a unique public-private partnership of Federal, State, and private inspection personnel. Our partners include 50 State and private agencies authorized by the Secretary to provide official inspection and weighing services on GIPSA's behalf.

In addition to its two program areas, three Washington D.C.-based units, the Civil Rights Staff, Information Technology Staff, and Management and Budget Services, provide GIPSA with management and technical support, as well as the leadership of key initiatives, such as Cultural Transformation, Employee Engagement, and Outreach.

#### Packers and Stockyards Program

Under the Packers and Stockyards Act (P&S Act), GIPSA's P&SP regulates businesses that market livestock, poultry, and meat. Enacted in 1921, the P&S Act promotes fair and competitive marketing in livestock, meat, and poultry for the benefit of consumers and American agriculture. Under the P&S Act, P&SP fosters fair competition, provides payment protection, and guards against deceptive and fraudulent trade practices in the livestock, meat, and poultry markets. By protecting fair-trade practices, financial integrity, and competitive markets, GIPSA promotes marketplace fairness for livestock producers, buyers, sellers, swine contract growers, and poultry growers for the benefit of all market participants.

In carrying out our work, GIPSA works cooperatively with our sister agencies within USDA, particularly with the Economic Research Service, the National Agricultural Statistics Service, the Agricultural Marketing Service, and the Food Safety and Inspection Service, and with the Office of the General Counsel, Office of the Chief Economist and Office of Inspector General. We also collaborate regularly with the Department of Justice, Commodity Futures Trading Commission, and other State and local law enforcement agencies with their investigations.

GIPSA's P&SP has improved its performance in recent years. A significant component to that improvement has been a business process re-engineering effort initiated in 2006 and subsequent management follow-up and refinement that continues today. The system provides an electronic inspection and investigation case file environment that facilitates case documentation, tracking, and reporting. The enterprise automation has allowed the P&SP to operate more efficiently and has strengthened its ability to manage case milestones and significantly reduced costs involved with performing investigations.

For example, in 2000, P&SP had 188 full-time employees, who closed a total of 579 investigations, resulting in 13 formal complaints decided by an administrative law judge. By comparison at the end of 2014, P&SP had 141 full-time employees, who closed 1,668 investigative files, almost three times the number of cases closed in 2000. An additional 70 cases were closed that GIPSA had referred to the USDA's Office of the General Counsel, and 7 were closed after referral to the United States Department of Justice. Overall, the improved efficiencies and management capabilities resulting from the business process re-engineering have contributed to significant improvements in performance, and our front-line investigative operation continues to improve the effectiveness of our response to individual complaints and to demonstrate a presence at livestock markets around the country.

GIPSA maintains a toll-free hotline (800-998-3447) to receive complaints and other communications from livestock producers, poultry growers, and other members of the industry or general public. The hotline allows callers to voice their concerns or file a complaint anonymously. GIPSA responds to all calls received.

#### Federal Grain Inspection Service

GIPSA's grain inspection program facilitates the marketing of U.S. grain, oilseeds, and related agricultural products by providing the market with the official U.S. grading standards, as well as methods to assess product quality; maintaining the integrity of the marketing system by enforcing the U.S. Grain Standards Act (USGSA) and the Agricultural Marketing Act of 1946 (AMA); and providing for America's national inspection system, a network of third-party Federal, State, and private laboratories that provide impartial, user-fee funded official inspection and weighing services under the authority of the USGSA and the AMA. In 2014, the national

inspection system provided over 3.31 million inspections on 297.9 million metric tons of grain with a value of over \$45 billion.

GIPSA's grading standards help buyers and sellers efficiently identify the quality of grain and grain products and provide a common language for the trade. To ensure that U.S. standards for grain remain relevant, GIPSA regularly reviews the standards and seeks public input. In 2013, GIPSA completed its review of the U.S. standards for wheat. GIPSA published a final rule in the *Federal Register* amending the wheat standards. This rule became effective on May 1, 2014. In 2015, GIPSA will continue with its review of the barley standards, which were originally promulgated in 1926. Through a *Federal Register* notice of proposed rulemaking in 2014, GIPSA solicited barley stakeholder comments, which will be used as the basis for a final rule in 2015. In 2014, GIPSA started reviews of the standards for flaxseed, triticale and mixed grain. GIPSA will begin reviews of the standards for oats, rye, sorghum and rice in 2015.

Under USDA grade standards, the number of broken kernels of rice has a significant impact on the quality and value. The percentage of broken kernels within a sample is determined by FGIS staff inspection. Mechanical sizing equipment instead of visual inspection is routinely used for separating whole and broken rice pieces at various points of the rice marketing process to save time and cost, but mechanical sizing does not account for inherent differences in rice kernel size. The final determination regarding whether or not a kernel is considered whole is determined by the human eye.

In 2014, GIPSA took the beginning step to change this visual inspection method with the development of software for use with low cost consumer-grade photo scanners to quickly and accurately measure the percent of broken kernels in milled rice. This new automated process identifies fully intact kernels, and then precisely compares fractured kernels with the most similar fully intact kernels to determine whether each fractured kernel is whole or broken. The program then computes the percentage of broken kernels by weight. The entire process requires less than five minutes which is less time than the average visual inspection.

To better serve the dynamic grain marketing system, GIPSA remains attuned to changes in movement of U.S. grain and related products. The U.S. grain industry has experienced a significant increase in the demand for grain exported in shipping containers. A surplus of empty containers allows grain exporters to capitalize on opportunities to ship grain at a lower freight rate and deliver grain to small business entities around the world. Expansion of the containerized

grain export market has exceeded most forecasts and has increased from 0.1 percent of total grain exported (metric tons) in 2002 to 3.5 percent of total grain exported (metric tons) in 2014 and represented 2.3 percent of total domestic and export grain officially inspected (metric tons) in 2014.

GIPSA also continues to work with exporters, importers, and other end-users of U.S. grain around the world to facilitate the marketing of U.S. grain in global markets. GIPSA helps resolve grain quality and weight discrepancies, helps other countries develop domestic grain and commodity standards and marketing infrastructures, assists importers in developing quality specifications, and, to harmonize international trade, trains foreign inspectors in U.S. inspection methods and procedures. These activities foster a better understanding of the entire U.S. grain marketing system and serve to enhance purchasers' confidence in U.S. grain. Ultimately, these efforts help move our nation's harvest to end-users around the globe. During 2014, GIPSA personnel met with 49 teams from 32 countries.

GIPSA's continued success in fulfilling its mission of facilitating the marketing of U.S. grain is directly attributable to its exceptionally skilled, experienced, and dedicated workforce. FY 2013 was the first year for an FGIS-wide mentoring program. The FGIS Mentoring Program paired 25 employees with more experienced employees for the purpose of sharing knowledge of practices, policies and organizational culture with the next generation of employees. The year-long program mirrored the components of USDA's mentoring initiative, which focuses on transferring institutional knowledge and enhancing employees' skills.

For FY 2014, the FGIS Mentoring Program was expanded to a GIPSA-wide program with 40 mentor-mentee pairings, 32 of which were from FGIS staff. This 28 percent increase in FGIS participation is the result of strong program area support which recognizes that up to 80 percent of FGIS' supervisors and managers are currently retirement eligible. We are keenly aware of the need to prepare less experienced staff for new potential responsibilities as more senior staff retire. For FY 2015, the FGIS Mentoring Program consists of a GIPSA-wide program with 33 mentor-mentee pairings or about 66 people. This number is about 10 percent of eligible agency staff from FGIS, P&SP, and the Administrator's Office. The high rate of participation is the result of strong program area support and active agency champions who recognize that up to 80 percent of FGIS' supervisors and managers are currently retirement

eligible. We are keenly aware of the need to prepare less experienced staff for new potential responsibilities as more senior staff retire.

#### 2016 Budget Request

To fund important initiatives and address GIPSA's core mission responsibilities, GIPSA requests \$44.1 million for salaries and expenses. This request reflects an additional \$1.1 million in funding above the 2015 enacted level to cover salary costs; for the Packers and Stockyards Program to pay for equipment, supplies and other operating expenses to effectively conduct field operations; for the Grain Program to provide necessary information technology support and equipment to ensure testing results reported on FGIS certificates for all commodities and grains are accurate and available in an expeditious manner; and for the expansion of Federal Employee Health Benefits to part time and intermittent employees.

Specifically, the additional funding that GIPSA requests for salaries and expenses will be used to promote compliance with the P&S Act. P&SP relies on 57 resident agents, auditors, market inspectors, and resident agent supervisors, with assigned duty stations in their homes across the United States to conduct a large percentage of its front line regulatory inspections and investigations. Travel is essential for GIPSA's resident agents to successfully perform their job functions as these individuals must travel, at times long distances, in conducting regulatory and investigative field work. Funding is also needed to provide all P&SP staff with the necessary equipment and supplies, such as computers and high speed scanners, to conduct their jobs. By providing staff with resources to travel and the tools needed to successfully conduct their work, GIPSA expects to achieve a level of 85 percent industry compliance with the P&S Act in FY2016.

GIPSA will also use the additional funding to explore new processes and technology to provide customers with information about the quality of all the grains and commodities tested within the national inspection system. Additional funds will be used for the information technology support and equipment needed to ensure the seamless flow and capture of data within the national inspection system. Currently, individual test results, are determined via analytical instruments or electronic scales; the new equipment, including barcode scanners, printers and computers, will capture information on the individual test results, who performed the test, equipment used on sample, as well as time and location of analysis. These enhancements will

ensure that the results reported on FGIS certificates for all commodities and grain tested are accurate and the results (e.g. certificates) are available to customers in a more expeditious manner.

The Budget requests \$55 million in spending authority for FGIS Inspection and Weighing Services in FY 2016, an increase of \$5 million over the FY 2015 limitation. The USDA World Agricultural Outlook Board projects that grain export volumes in FY 2016 will be three percent above FY 2015 levels. In addition, we expect that as many as five additional bulk grain export facilities will be coming online in the next two years. As a result, GIPSA anticipates that employees will be faced with increased workloads and additional travel costs in FY 2016 associated with FGIS activities. This reality, coupled with pay and expanded health insurance costs, necessitates an increase in the spending authority for our inspection and weighing services.

Finally, GIPSA will submit legislative proposals to collect fees for the development of grain standards and to amend the P&S Act to provide authority to collect license fees to cover the cost of the program. These proposals are consistent with the overall effort to shift funding for programs to identifiable beneficiaries.

#### Conclusion

Mr. Chairman, Members of the Subcommittee, thank you for the opportunity to share some of the accomplishments of our dedicated staff and to highlight our future plans to facilitate the marketing of U.S. agricultural products and to promote fair and competitive trading practices for the overall benefit of consumers and American agriculture.

I would be pleased to address any issues or answer any questions that you may have.

## AGRICULTURAL QUARANTINE INSPECTION PRECLEARANCE PROGRAM

Mr. ADERHOLT. Thank you for your testimony. As I had mentioned in my opening statement, the Inspector General testified before this Subcommittee a couple weeks ago, and she testified and included a summary of findings from a recent report on APHIS' pre-clearance offshore program.

She mentioned that the agency did not have sufficient management controls in place to effectively protect the United States from the introduction of devastating foreign agricultural pests and disease. The findings included several management issues such as lack of oversight from top-level officials, inspection reports that were being generated but not read, and there were no consequences for repeated noncompliance.

These are, of course, as you would agree, serious allegations when you consider that the program is designed to protect the health of United States citizens from harmful agriculture pests and disease. As you know, some of the pests in the country now are costing us billions of dollars to control and as we attempt to eradicate them.

It is my understanding that 14 out of the 16 recommendations have been resolved. Can you talk about and summarize APHIS' actions that they have taken to address these findings and these recommendations?

Mr. AVALOS. Mr. Chairman, first I just want to state that we take our mandate to protect animal and plant health in this country very seriously. I am going to ask our administrator at APHIS, Mr. Kevin Shea, to answer your question.

Mr. SHEA. Thank you, Mr. Avalos.

Mr. Chairman, we certainly take that very, very seriously, and I think we did take some solace in that there was no indication that any pest or disease occurrence happened because of any deficiency in our systems. The main things that we learned from the Office of Inspector General (OIG), and we very much appreciate their recommendations, is that we lacked really systemic methods of overseeing the program.

Those are all in place now. You mentioned, for example, lack of oversight of reports by high-level officials. We have a complete system in place now to ensure that does not happen again. We will complete not only the 14 you mentioned, but the other two as well by the time this fiscal year is over, and we are certainly dedicated to making sure that happens.

Mr. ADERHOLT. Talk about some of the controls that you have in place to assure that these type of deficiencies will not occur in the future.

Mr. SHEA. Some of the things we have done: We have put in place a system of processes, a checklist, if you will, that will tell the inspectors what forms to fill out, what reports to file. That same system will apply to their supervisors so they can review things at a particular time.

I think that was what we lacked. I think some of the things took place. I think some of the reviews took place, but it was not systematic. And that is what we now have, standard operating procedures that will apply to all aspects of the pre-clearance program.

## BIOTECHNOLOGY REGULATORY SERVICES—PETITION REVIEWS

Mr. ADERHOLT. APHIS has been improving the biotechnology petition review process for a couple of years. Last year you reported that you were only able to reduce the backlog of 22 petitions by six. Your testimony this year states that you are nearly through the list of backlogged petitions. Can you provide us more details on the status of the backlog and what progress you have been able to achieve?

Mr. AVALOS. Mr. Chairman, under the direction of Mr. Shea, APHIS has done a fantastic job in reducing the backlog. They have really cut down on the time frame it takes to deregulate a specific product. So I am going to ask Mr. Shea to go ahead and expand on the answer.

Mr. SHEA. Mr. Chairman, I recall a year ago I pledged to you we would cut the backlog of 16 by at least half, and I am proud to say that the fantastic men and women who work in our biotechnology review program have indeed exceeded that goal and there are now only six of those 16 remaining. So that means we reduced it by more than half.

I would say this also. When we began our business process improvement just a few years ago in 2012, there were 23 deregulation requests in the backlog. Since then, 11 more requests have come in, so there were a total of 34 regulation requests. There are only six left. We got 28 out of 34 done. There are only six remaining. We are going to get those done, we think, by the end of this fiscal year.

And so now we have the system in equilibrium. We can handle the amount that comes in. And not only can we handle them, we can handle them quicker. It was taking us three to five years to do these things. We are now down to 15 to 18 months. Our goal is no more than 15 months, and I think we are going to achieve that as well. So I am very proud of our progress there.

Mr. ADERHOLT. So when do you think you will be caught up with no longer having a backlog?

Mr. SHEA. I do not think we will have any in a backlog, so to speak, at the end of this fiscal year. We would hope to have all of the 34 that were either in place in 2012 or have come into the system since then—we would expect to have most of them done and then be in an equilibrium where we can move out the same number that comes in over the course of 15 to 18 months.

Mr. ADERHOLT. Mr. Farr.

## PLANT PESTS AND DISEASE SURVEILLANCE

Mr. FARR. Thank you very much, Mr. Chairman.

First of all, I would just like to introduce to the audience—California is our leading agriculture State—it is our number one industry in California. And I forget how many billions of dollars it is, but in my county alone, in one of my counties, Monterey County, which is the second in the nation, ag production is at \$4.8 billion.

And the head of that, the ag commissioner, Eric Lauritzen, he is here today. I just want to thank him for coming to our hearing because he is bringing a lot of ag commissioners. California has an ag commissioner in every county, 58 counties, and those commis-

sioners have all the responsibility for enforcing the pesticide laws, the weights and measure laws, the consumer laws, also doing all the economic data—just about everything you have to do with agriculture.

And what I am worried about—we are hearing about all this—we just had the Prime Minister of Israel talking to us about the fears of the Middle East. What we are worried about is the attack that is going on in California with invasive species.

We have spent all our money on cyber-security and things like that, very little on invasive species, and yet California has the largest ports in the United States in Long Beach and L.A. It has a border with more people living on the other side in Mexico than any other State. It has dozens of international airports, and 36 million people who move around a lot. So invasive species is huge, and pest detection activities are critical if they are targeted.

I really want to ask Kevin Shea, in the recent past you have only committed \$27 million for the entire United States, for 50 States—that is less than a half a million dollars per State—for your pest detection line item. Is that enough?

Mr. SHEA. Mr. Congressman, I would say that we have \$27 million dedicated to general plant pest and disease surveillance. But we have a lot more money in individual pest disease programs that have surveillance. For example, we spend millions of dollars simply on fruit fly surveillance every year. That is just one example.

Mr. FARR. But do we have enough money to bolster our system to protect agriculture and to therefore have to minimize eradication, like the fruit fly that you are talking about? That is a huge eradication program that has been going on for 25 years or longer.

Why is there a reduction in the specialty crop line item, knowing that the continued pressure for invasive species is going to hamper agriculture and impact our trade? The fresh fruits and vegetables out of California are wanted all over the world, and vice versa.

Mr. SHEA. We think that the level of spending on those programs is appropriate. What we think may not be appropriate is the share of costs between the Federal Government and the State governments. And that is what we are proposing here, is to shift some of those costs from the Federal Government and our declining appropriation to State governments.

#### LIGHT BROWN APPLE MOTH

Mr. FARR. Well, I am all for that. But I think you cannot abandon your leadership role, particularly on the light brown apple moth. As you know, we have failed in the eradication, but we are moving to control and contain through the protocols. We do not want that dropped and left to the States, where everybody then starts a crazy war in this country of State against State.

So I think it is important that you maintain your attention and bring resources to that. Can you commit that that is what you do to continue your effort in that regard?

Mr. SHEA. We are certainly committed to carrying out the light brown apple moth regulatory program, which has enabled tens of millions if not hundreds of millions of dollars' worth of product to move out of California, and particularly into Canada and Mexico

and other parts of the United States. We are certainly committed to the—

Mr. FARR. Well, there is a program where the industry puts up a lot of dough because they have got to go through all the protocols to make sure that they get the clearances. We just want you to make sure that you are involved in holding us to those protocols, and having money to do it.

The other thing I would hope that you will do with these States is that I think we do this poorly throughout government. Some States just do not want to tax. They do not want to spend any money. Well, we ought not to give them money. If you are going to come in and get grants around here, the first thing that is asked is, how much money have you got in the game?

We ought to be asking States, how much money have you got in the game to help solve this problem? And if they are not putting any money in it, we ought to put them at the end of this list. Help those who help themselves. That is a good Republican motto.

I want to ask a question of Anne Alonzo, because you went to my district, and I loved your visit and I think you loved our district. It was really a love fest. [Laughter.]

#### ORGANIC AQUACULTURE

Because you saw all the organic that we are doing and the ability to expand that market. So I am asking, when can we expect to see the rule clear USDA and OMB, and what are the timelines for the organic aquaculture rule?

Ms. ALONZO. Thank you, Congressman.

Mr. FARR. People want to grow fish and shellfish organically as well.

Ms. ALONZO. We know the proposed rule is important to you. It is important to us. It is in departmental clearance, and we are expediting it. We hope to have the rule out of the Department in the next few months. From the Department it will go to OMB because it is economically significant. We figure it will be about there 90 days. And it took time. Some of the—sorry.

Mr. FARR. What is the bottom line about the rule. When do you think it is going to be out there?

Ms. ALONZO. This year.

Mr. FARR. This year?

Ms. ALONZO. Yes. This year.

Mr. FARR. Summer? Fall? Winter?

Ms. ALONZO. We would hope that it would be out by May or June from the Department.

Mr. FARR. Thank you.

Mr. ADERHOLT. Mr. Rooney.

#### CITRUS GREENING

Mr. ROONEY. Thank you, Mr. Chairman.

I wanted to talk about—I come from one of the largest citrus-producing districts, I think, in the Congress, if not the largest. And obviously, citrus funding is of utmost importance to my growers. So I wanted to talk first, if I could, about the citrus funding in the Multi-Agency Coordination (MAC) for the fiscal year 2016 budget.

As you know, it provides an additional \$7.5 million increase for the Huang-longbing (HLB) MAC.

If you could for the Committee, could you go into more specifics about the USDA's plan for these additional resources? Like will this be for new research or existing programs or both? And if it is just existing, are you able to target that existing funding in a way that still gets at the critical needs?

Mr. AVALOS. Congressman, I am going to ask Mr. Shea to answer the question. But before I do that, I just wanted to emphasize that we understand how devastating this disease—citrus greening—has been to the industry. And I want to assure you that we are doing everything we can to put tools in the hands of the growers so they can continue to be productive. We get it, and we are on board to support.

I want to thank the Committee for the \$20 million that was put in for a MAC group. I think that money is put to good use. We look for practical solutions, practical tools, that we can use today to help our growers.

So anyway, I just wanted to—

Mr. ROONEY. Well, just if I could before you give the answer, I echo that and I thank you for saying that because it is a critical time. Driving around my district in the counties that I have and talking to the growers there, they do feel like we are at that moment of truth where they are either going to encourage their kids to get involved in this business or they are not.

And I hear that more and more. And it is pretty depressing. But they are encouraged by what we are both doing, and so I think that that is why it is important that we reiterate and answer this question and encourage those growers that there is hope.

Mr. AVALOS. Absolutely, Congressman. And I did spend some time in your State and I did meet with quite a few of your growers. And we are committed to support the industry.

Mr. ROONEY. Thank you. Thank you, sir.

Mr. AVALOS. I am going to pass it on over to Mr. Shea.

Mr. SHEA. As the Under Secretary said, we are trying to focus the \$20 million you generously provided to us last year and the \$7.5 million we are proposing for 2016 on quick-hitting things that can help citrus growers in Florida, California, and Texas right away.

We need to be able to have quick detection, we have to have citrus groves stay sustainable once they do incur some infection, we need to have therapies, and we need to have more vector control. So there are some things we are doing for that, really interesting things. And we are providing money to universities, private companies, all who come up with good ideas to try.

For example, detection: We are learning that dogs can detect the disease, and so we can identify the disease faster than with visual survey. So that is one thing we are doing.

Sustainability, several things we are trying to do there. One is, as I am sure you are well aware, there are abandoned citrus groves in Florida and they become reservoirs of infection and of the vector. And so we are providing money, in connection with Commissioner Putnam in Florida, helping to clear those fields or those groves and

to have those not become reservoirs. So managing those groves is important.

We are trying therapies that can help trees maintain their useful life. One that seems to be really promising is thermo-therapy. Indeed, using the good Florida sun, heating the trees to a certain degree, can reduce the infection load. And one of the allocations currently that we have is for a company to figure out how to cover 150 trees at a time because, obviously, one tree at a time will not help. So that is something we are funding this year. There is half a million dollars' worth of work on that.

And we are funding more work on antimicrobials, and more funding to release more parasitoids and other enemies of the Asian citrus psyllid that carries the disease. So we are doing lots of these things that we hope will buy time while some of the longer-term research, funded through the Farm Bill, will come through.

Mr. ROONEY. Thank you. And I will come back if—are we going to do another round or should I try to ask another question real quick?

Mr. ADERHOLT. Since your time has expired—

Mr. ROONEY. Yes. Okay. I yield back. Thank you very much.

Mr. ADERHOLT. We will try to do another round. We are uncertain about the floor schedule, but we will proceed on as best we can.

Ms. Pingree.

#### ORGANIC CHECKOFF

Ms. PINGREE. Thank you, Mr. Chair. Thank you all for being here today and for your work on behalf of the farmers across the country and the consumers as well.

I am going to ask a question of Administrator Alonzo about the organic checkoff and some of the organic things. I know you are very focused on the growth of the organic sector, and certainly understand that for a State like Maine, as part of the ability for agriculture to come back as an important part of our economic growth, the organic sector has provided a really important market.

But I want to talk to you a little bit about the checkoff program. The Farm Bill included language that would exempt organic producers from paying into commodity checkoff programs, so that was a positive way to move forward.

But the next proposal being considered is the creation of the checkoff program for the organic industry. Farmers and processors with a certain level of income would pay into the program, which USDA oversees but does not fund, and then that money, as you know, goes on to fund research, marketing, promotion campaigns, a lot of very good things to help people understand the organic sector better and for this to strengthen the sector.

I just want to weigh in on the importance of making sure that this checkoff represents all farmers, from those farmers with a few acres, which are a very important part of this growing industry, to the giants that are out there really doing great work in feeding people organic food.

So I think my question is, if the proposal exempts the smaller farmers from an assessment and from voting in the program, how do we make sure that those voices are included in the decisions

that are going to be made, given the fact that there are more certified organic farmers in the small to medium-sized group, but some of them will not be included in this? And just in the discussion of this, what is the timeline for moving forward on this? You get my questions?

Ms. ALONZO. Thank you, Congresswoman. First of all, all organic producers are important to us, small and large. And over the past year we have met with multiple groups about the Farm Bill authorization for the checkoff. No single group has control of this process.

In terms of how the process works, the organic industry initiates it by filing a proposal with AMS, and the proposal must also indicate industry support for the proposal. We do not have a proposal yet so it is kind of difficult to talk about particulars.

But in fact, any group is able to submit a separate order or submit a partial order or comment on the proposal that we do receive throughout the process. So there are many opportunities for everybody's to input. But before any of this becomes final, there will be a referendum vote and eligible voters will be able to vote.

And so I just wanted to assure you that we are hearing all voices large and small, and there is ample opportunity for public input in this process.

Ms. PINGREE. Great. Well, thank you for your reassurance. It is certainly critically important.

And I yield back.

Mr. ADERHOLT. Dr. Harris.

#### HIGHLY PATHOGENIC AVIAN INFLUENZA

Dr. HARRIS. Thank you very much.

Let me start just by asking a couple of questions about the Avian Influenza virus because I have poultry in my district and am worried about that. Are there other actions that could have been taken by your agency or need to be taken with regards to the Avian Influenza at this point? And do you have the proper funding in this year's budget to do those actions?

Mr. AVALOS. Congressman, first I want to emphasize that at USDA at APHIS, we are committed to protecting the U.S. poultry industry from high-path avian influenza. We have a very good working relationship with our State partners, a very good relationship with the stakeholders, with the industry, and we have the best surveillance program in the world.

Now, what has happened, when we had our two detections in California, several countries, they did not follow international guidelines. The World Organization for Animal Health (OIE) established these criteria as to how you restrict should an outbreak come out, and they encourage that you only restrict an area or a region or a State.

Several of our trading partners did not do that. And so I just want to assure you, Congressman, that from Secretary Vilsack on down, we are communicating with our trading partners and working to get them in line with OIE guidelines.

## AQI USER FEE INCREASES

Dr. HARRIS. Well, thank you. Now, with regards to the agricultural quarantine and inspection user fees, my understanding is that USDA has proposed significant changes both to user fees and the overtime reimbursement rates. But we had language in the 2015 Omnibus, I think, that required you to take into account stakeholders' opinions before issuing the rule.

Apparently the webinar was held on January 13 with the stakeholders, the final rule submitted to OMB on January 16. Now, you either did some pretty quick drafting in those three days or it appears that it was just a check-off-the-box action—yes, we have to talk to the stakeholders, so we will wait three days and publish the rule or submit the rule.

Were there significant changes made taking stakeholders' opinions into account?

Mr. AVALOS. Congressman, I am going to ask Kevin Shea to answer your question. But before I do that, I just wanted to emphasize that Mr. Shea and his team at APHIS have put a lot of effort into this user fee. For the longest time, it has been on their agenda. So I know that it has not been something that they just did quickly. They have spent a lot of effort on developing an AQI user fee rule.

So anyway, I will ask Mr. Shea to answer your question.

Mr. SHEA. Prior to the webinar you mentioned, we had had five or six public meetings or webinars before that. We had an open comment period, which was extended, as well. So many of the things we heard on January 13 were the same things we had heard in many of those other webinars.

We were already prepared to make some adjustments in the initial proposal based on that feedback. And I think whenever we do publish a final rule, you will see that that feedback was addressed. But what we heard that day was the same thing generally that we have been hearing pretty much at all the other times.

Mr. HARRIS. And when you took into account—because not only the service fees went up but the overtime reimbursement rates. And when you analyzed the impact on your stakeholders, was it just for each one individually or the fact that they could get hit with increases in both of them?

Mr. SHEA. We looked at those both in tandem. For example, there is one fee that has been very controversial—about a fee to oversee treatment, for example cold treatment or fumigation. And we were able to take that in tandem with the overtime rule as well to make some adjustments. So we definitely took them both into consideration in tandem.

## FOOT AND MOUTH DISEASE VACCINE

Dr. HARRIS. And just the last thing I am going to ask about is the foot-and-mouth disease vaccine. I know some of the livestock producers are concerned that although it is not a problem in the country now, that it could be at some point. And the way we do it is I understand we have the antigen here, but we send it to Europe to produce a vaccine. It seems a little cumbersome.

Do we have the ability, given that system, to address an outbreak of foot-and-mouth disease in the United States? Do we have adequate resources? Do we have an adequate amount of the vaccine?

Mr. SHEA. Our first response to any foot-and-mouth disease occurrence in this country would be to try to stamp it out without vaccination. We have good surveillance systems in place. I think we would find the disease very quickly. And of course, we are lucky enough—we have not had it here in over 85 years; we hope we will never have it here—but we have good surveillance that we think can find the disease quickly so that stamping it out could work.

In the long run, vaccination is probably the way we should go. That is the way the rest of the world operates now with foot-and-mouth disease. To have an adequate amount of vaccine would be enormously expensive, and the amount of vaccine we have now certainly would not allow us to enter into a vaccination-only approach to a foot-and-mouth disease incursion.

So I think it is really vital that we work with our industry stakeholders and others in trying to find a financial system to support a larger vaccine bank.

Dr. HARRIS. Thank you very much. I yield back.

Mr. ADERHOLT. Mr. Bishop.

#### SHELL EGG SURVEILLANCE PROGRAM

Mr. BISHOP. Thank you very much. I apologize for my delinquency. I had a conflict with another Subcommittee. But let me go to reductions in the shell egg surveillance program.

According to your budget justification, the shell egg surveillance program inspects registered shell egg facilities and monitors the disposition of restricted eggs to limit the number of restricted eggs that get into consumer channels. Stoppages in the program could disrupt markets for the product and it could endanger customer health.

So I find it a little bit curious that the Administration's budget proposal is to cut the program's budget by 17 percent and, more importantly, reduce the staff of the program by half. Packing plants in the past have gone through inspections at least four times annually and hatcheries once a year. Will you continue to be able to conduct these inspections at the frequency that they have occurred in the past, and in fact, are four annual inspections actually frequent enough?

Inedible eggs are a small proportion of all shell eggs and they are typically destroyed, but a significant number is used for animal feed. Can you tell me how you are going to be able to do that? In other words, you have got to do more with less.

Mr. AVALOS. Congressman, Administrator Alonzo is going to answer the question for you. Administrator Alonzo will answer the question.

Ms. ALONZO. Thank you, Congressman. Yes, we are requesting a decrease of \$444,000 for two reasons. One is industry consolidation, which has reduced the number of facilities that need inspection. There has been a 28 percent decrease from 2000 to 2013, so we have fewer facilities to inspect.

Number two, we have better compliance. The number of compliance actions resulting from inspection has decreased by almost 70 percent in this same time frame. So less facilities, better compliance, and our service is not going to suffer.

We have scheduled visits to these shell egg handlers. It is going to remain the same, four times per year, and annual visits to hatcheries. So we feel good about this decrease.

Mr. BISHOP. Thank you. Thank you for clarifying that.

I think all of us have been concerned with the ongoing situation in Ukraine, and in particular, Russia's annexation of Crimea. As you know, APHIS began a new initiative to open and expand markets to Belarus, Kazakhstan, and Russia for U.S. day-old chicks and hatching eggs, which was a very significant development for our poultry exporters here in the U.S.

Can you give us an update on the status of our export activity in the region and whether or not the conflict in the region has had an impact on our agreements with the nations involved?

Mr. AVALOS. Congressman, we are going to have to get back to you on that question.

[The information follows:]

DAY-OLD CHICKS AND HATCHING EGGS EXPORTS TO RUSSIA, BELARUS, AND  
KAZAKHSTAN

APHIS has agreed to conditions for the export of day-old chicks and hatching eggs to the Russian Federation, Belarus, and Kazakhstan. The recent outbreaks of highly pathogenic avian influenza (HPAI) in the United States have impacted the existing conditions, with these countries now prohibiting the import of day-old chicks and hatching eggs from regions where HPAI outbreaks have been identified.

GENETICALLY MODIFIED ORGANISMS

Mr. BISHOP. All right. I still have some time. Let me ask you about the genetically modified organisms (GMOs). The APHIS enforcement program is designed to promote the integrity of the APHIS program for providing effective investigative and enforcement services. This funds biotechnology and regulatory services activities, which support the Department's strategic goal of helping to promote ag production and biotechnology experts by deregulating biotechnology products that are found safe for agriculture.

In addition to the COOL debate, there continues to be considerable attention given to the issue of genetically modified organisms, GMOs. In both instances this has become a major concern for many of my producers, not only on the animal side but the fruit and vegetable side.

Can you give us an update of your activities related to GMOs and whether the Department should be playing a greater role if not the leadership role in making sure that the public is made aware of all sides of the GMO issue, and in particular, the extensive current use of modified seeds, such as Roundup-ready seeds for cotton and peanuts, for a variety of commodities, and the current research which is underway at our major land grant universities, and the real plans to expand the use of such research and technologies in other areas of the food chain.

Mr. AVALOS. Congressman, I am going to ask Administrator Shea to answer part of that question, anyway.

Mr. SHEA. Our role in regulating biotechnology or genetically engineered products is simply to determine whether or not a proposed product would be a plant pest or not. The Environmental Protection Agency (EPA) has a role. The Food and Drug Administration (FDA) has a role as well. We believe, as Secretary Vilsack has emphasized since he took office, that coexistence is so important; that there is room for genetically engineered, conventional, and organic growers throughout the country.

Just next week we are having a major conference in Raleigh, North Carolina, bringing together all of those sectors to get input about genetically engineered products and how they can coexist. And all sectors will be there. And we think that is part of our effort to do as you suggested, to communicate with and help educate all aspects of American agriculture about what we are doing.

Mr. BISHOP. As you know, it is pretty controversial and it is beginning to fuel a lot of debates across the consumer market as well as the production markets. And of course, it impacts us when we consider exporting also because some of the European countries and other countries are very, very particular about not having GMOs come into their food chain.

So are you the lead agency on it? Would you say that the other agencies, EPA and FDA, are further ahead of you, or are you working equally? Who is the lead agency?

Mr. SHEA. We work equally. Since 1986, in fact, there has been a consolidated framework for regulating genetically engineered agriculture, and FDA, EPA, and USDA have worked together equally over the entire almost 30 years now.

Mr. BISHOP. I think my time has expired.

Mr. ADERHOLT. Mr. Young.

#### MARKET NEWS REPORT—NATIONAL HOG REPORT

Mr. YOUNG of Iowa. Thank you, Mr. Chairman. And guests, thank you for coming before us today. We have a vote here soon so I am going to try to do this quickly.

Ms. ALONZO, independent pork producers in my district have raised an issue regarding the national hog reports that are prepared by the AMS. Smaller independent producers sell on the prices based in your reports, and this has led to a very small proportion of overall sales nationally dictating prices for smaller producers, they believe.

There is some concern that the current reporting methodology may not be offering the most fair price to farmers and that there could be price manipulation taking place in the market. Can you address those accusations and those fears that are out there? They are real. I see you raising your eyebrows, but I hear that in my district. Can you tell a little bit about your methodology?

Ms. ALONZO. Well, you are referring to our Market News reports. These are the reports that are unbiased, and they are timely, and they are free for the public. And we issue hundreds of them every day, a quarter of a million a year. A lot of use.

I am not familiar with what you are mentioning in terms of the distortion, and we would be happy to go back and look at that—unless, Under Secretary Avalos, do you want to speak to that issue?

Mr. AVALOS. Congressman, one thing I do want to mention is we do have livestock mandatory reporting. And I think this is very, very important to talk about because livestock mandatory reporting, it does encourage competition in the marketplace. It does create transparency. It does give us more quality price and supply data. And I think this is very important to the small producer.

I do want to mention that this authority expires this year, and we do need support for reauthorization so we can maintain this quality supply and price data.

[The information follows:]

#### MARKET NEWS—NATIONAL HOG REPORT

AMS Market News is aware of the concern that the daily hog market can appear to be volatile because it is thinly traded with a limited number of buyers and sellers participating in the negotiated hog market. In an effort to normalize the reported market information, AMS is developing a five-day rolling average of the daily negotiated hog prices to be published in the current swine reports.

Mr. YOUNG of Iowa. Thank you. When we have more time, maybe we can have a meeting and follow up on this. But I appreciate that.

Mr. AVALOS. Absolutely, Congressman.

#### BIOTECHNOLOGY REGULATORY SERVICES—PETITION REVIEWS

Mr. YOUNG of Iowa. Mr. Shea, in your testimony, you discuss how USDA is making the approval process for biotechnology products more efficient. Would you comment on the new process specifics, how they are streamlining the biotech approval process?

Mr. SHEA. There are several things that we are doing, Mr. Congressman. One is, it seems remarkably simple, but when we reviewed the business process that we used for deregulation, we saw how many different approval steps there were. And we simply were able to reduce some of those, and also give people a little less time to complete their part of the work. So that was one piece of it.

A second piece is that we now publish an initial risk assessment so the public can see, so we can get input from the public very quickly and not drag out the process quite as long. We get a lot of input right up front with our initial risk assessment on any deregulation. So that is another thing we have done.

Also, I would be remiss if I did not say the Committee has provided more funding for that item over the last several years. And that has allowed us to have more scientists on board to review the petitions, do the analysis. As Congressman Bishop pointed out, these are highly controversial things. We need to make sure we get it right because we do end up in the courts on many of these cases.

Mr. YOUNG of Iowa. Well, thank you. And I do have some questions for the record I will submit—we are short on time—if that is okay, Mr. Chairman.

Mr. ADERHOLT. That is fine.

Mr. YOUNG of Iowa. Thank you folks for your time.

#### COUNTRY OF ORIGIN LABELING

Mr. ADERHOLT. Let me turn back to talk a little bit more about COOL. The fiscal year 2015 Omnibus directs the Secretary to work with the U.S. Trade Representative and to submit to this Committee a report with legislative language that would establish the

country of origin labeling program for beef, pork, and poultry, which you know. And the report is due May 1.

I asked the Secretary when he was here a week or so ago about this. My question to you is can we have your assurance, Mr. Under Secretary, that we will receive that report by May 1?

Mr. AVALOS. Mr. Chairman, at USDA we stand ready to work with Congress on the next steps of addressing COOL.

Mr. ADERHOLT. But do you all think that you all will have something to come back to Congress by May 1?

Mr. AVALOS. Mr. Chairman, I guess my answer to you would be that the request we take serious. And right now we do not have a regulatory fix, as the Secretary mentioned, and Congress really needs to amend the statute in order to move forward should we lose that appeal. So I can just tell you that we have taken the request seriously and that we stand ready to work with you to move forward.

Mr. ADERHOLT. Well, if the U.S. does not win an appeal at the WTO, meaning, of course, industries will face retaliation, what commodities and industries are being targeted by Canada and Mexico for retaliation, and how much do you estimate that these various sectors will have to pay in tariffs?

Mr. AVALOS. Mr. Chairman, I do not have that information. That would probably be a question for USTR.

Mr. ADERHOLT. Anybody have any more comment on that at all? [No response.]

[The information from USDA follows:]

#### COUNTRY OF ORIGIN LABELING

AMS is not aware of any official list of industries or commodities that would be subject to retaliation by Canada or Mexico, provided we lose the appeal. Should the WTO Appellate Body rule against the United States in the appeal of the COOL case, Canada and Mexico would have the right to request authorization from the WTO's Dispute Settlement Body (DSB) to suspend trade concessions. At that time, Canada and Mexico would inform the DSB and the United States of both the total level of retaliation proposed and the commodities for which Canada or Mexico seek to suspend concessions. The United States would have the opportunity at that time to object to the level of suspension proposed, in which case the matter would be referred to binding arbitration before a WTO Panel.

Mr. ADERHOLT. Okay. Excuse me just a second. [Pause]

#### TRANSPORTATION INFRASTRUCTURE

We have got a vote going on, so we are just trying to monitor to make sure we can keep this going forward while we are voting at the same time.

The United States has seen record levels of agricultural exports for the past few years. Your mission area has a large focus on trade and marketing opportunities for all agricultural products and plays a key role in that outcome. However, it seems that the focus on increased trade opportunities without consideration for infrastructure to adequately support it can be a little bit short-sighted. The rail situation and the disruptions at our ports are recent examples that USDA is reacting to the domestic international commerce circumstances instead of providing a proactive plan to move forward.

With the latest budget request, there is a continued emphasis on expanded trade and marketing opportunities. However, the concern

is that we do not have the infrastructure fully in place to support them. Having the goods available but not being able to deliver them just do not really seem to make a lot of sense, and it is a little disconcerting to see the Department's lack of a comprehensive vision in long-term planning to ensure the infrastructure is solid and to make sure that you are expanding these efforts.

Can you provide us some particular examples of how the Department is looking at all aspects of transportation infrastructure to see how a comprehensive solution will benefit America's producers?

Mr. AVALOS. Mr. Chairman, I can comment just briefly on rail transportation. In my mission area at USDA, we do not have jurisdiction over transportation per se. However, we do have a component of AMS that looks at rail transportation from the perspective of agriculture. And we do testify in front of the Surface Transportation Board and we make recommendations on behalf of agriculture.

Mr. ADERHOLT. I realize the Department has focused heavily on local and regional markets. But I would ask you commit today to providing the Committee with a long-term infrastructure plan that benefits all producers and not just those that market their products locally, and you give us that assurance that you will do that.

Mr. AVALOS. Oh, absolutely. At USDA our focus is on all components of agriculture, and local and regional just happens to be one component.

[The information follows:]

## TRANSPORTATION INFRASTRUCTURE

The Department fully realizes that transportation is critically important to U.S. agriculture and therefore follows closely all issues affecting the movements of agricultural products. While USDA does not have regulatory authority over transportation issues, the Department regularly consults with our colleagues at the Department of Transportation (DOT) and the U.S. Army Corps of Engineers (USACE) on transportation matters that are important to the agricultural sector. USDA represents the interests of agricultural producers and shippers in improving transportation services and facilities by, among other things, initiating and commenting on Surface Transportation Board (STB) proceedings involving rates, charges, tariffs, practices, and services. STB, an independent adjudicatory agency that is administratively affiliated with DOT, is the regulatory agency charged with resolving railroad rate and service disputes and reviewing proposed railroad mergers.

The Department is looking at all aspects of transportation infrastructure that benefits all producers. USDA is committed to providing Congress with an updated *Study of Rural Transportation Issues* that looks broadly at all aspects of transportation infrastructure and its importance to all producers, as required by the 2014 Farm Bill. This updated transportation study will provide Congress and our stakeholders with important information that can be used for long-term policy, planning, and resource allocation that will benefit all producers. The study will include freight transportation of agricultural products, renewable fuels, and other issues of importance to the economies of rural communities. To complete the update, AMS has entered into a cooperative agreement with Washington State University, a study team has been assembled, and work on the update has begun. The previous study can be found online at: [Study of Rural Transportation Issues: Published in April 2010](#). It comprised 15 chapters, including the importance of freight transportation to agriculture, how freight transportation supports rural America, as well as modal chapters on rail, barge, truck, and ocean shipping.

In addition, AMS regularly generates economic analysis and research on agricultural transportation. Through many publications and data available online, AMS provides agricultural stakeholders and government policymakers with insightful information and analysis on the transportation of agricultural products, helping them monitor current events and trends which assists them in keeping tabs on transportation needs, international markets, and export competitors. AMS weekly, quarterly, annual, periodic reports, and presentations, and co-sponsorship of workshops and summits, help facilitate a competitive national agricultural transportation system. AMS provides the latest unbiased data and analyses on shipment rates for trucking, rail, barge, and ocean shipping from the U.S. to other nations. These publications include: the weekly *Grain Transportation Report*, weekly *Ocean Shipping*

*Container Availability Report, quarterly Brazil Soybean Transportation Indicator Report, quarterly Mexico Transport Cost Indicator Report, annual Brazil Soybean Transportation Guide, and periodic reports such as Tracking U.S. Grain, Oilseed and Related Product Exports in Mexico; Transportation of U.S. Grains: A Modal Share Analysis; A Reliable Waterway System Is Important to Agriculture; Profiles of Top U.S. Agricultural Ports; and numerous rail issue papers.*

To inform interested parties, AMS frequently participates and makes presentations at national and regional events such as the Transportation Research Board, Transportation Research Forum, and annual meetings of the Midwest Shipper Association and the Agricultural Transportation Coalition. AMS also co-sponsors six Agricultural Shipper Workshops each year in major exporting regions and hears the concerns of all producers with regard to transportation infrastructure, regulatory, and policy issues. In August 2015, AMS is co-sponsoring, with the Soy Transportation Coalition and the National Grain and Feed Association, a second Agricultural Transportation Summit which will convene leaders in industry and Government to discuss *Transportation Capacity-Overcoming the Challenges*.

USDA also participates in the Administration's interagency Committee on the Marine Transportation System, serves as one of several Federal observers on the Inland Waterway Users Board and the Rail Energy Transportation Advisory Committee, and participates in meetings of the National Grain Car Council, as well as the Federal Highway Administration.

Mr. ADERHOLT. We are going to have to go into recess for just a minute for us to go cast our vote. And so we will reconvene probably in about 15 minutes. So we will just adjourn for 15 minutes. [Recess.]

We will try to get back on track. Thank you all for your patience on the vote.

I would like to now go to Mr. Farr.

#### RETAIL PET STORE RULE

Mr. FARR. Well, thank you very much, Mr. Chairman. I am sorry Mr. Rooney is not here. He mentioned about kids not wanting to take over their parents' farms because they think it is a losing proposition.

What I love about this Committee and the U.S. Department of Agriculture essentially is it is the rural America department that really handles the infrastructure of rural America. I hope that we will realize that if indeed rural America, as the Secretary indicated not this year but last year in his opening remarks, has not been in a recession; it has been in a depression.

But when you think about the infrastructure, of trying to WiFi it and bring broadband in, that is under the jurisdiction of this Committee. When you think about the fact that what we are talking about here today is to sustain the health and safety of plants and animals, and I would say to Mr. Rooney, one of the things we need to do is we also need to realize that you cannot start a business in agriculture without millions of dollars in agricultural areas like my district.

But the exception to that is these really small growers, starting off just going to farmers markets and doing organic where they do not have the cost of inputs. The bigger growers are having a big problem because it costs about \$35,000 an acre to plant an acre of strawberries. Now, the pickers will get \$19 an hour. That is higher than Costco's wages. And you cannot find the farmworkers.

So we have a huge labor shortage, which is, I think, why we need the Ags jobs bill. But anyway, that is just one of my lectures, that I think that this Committee is so able to really infuse energy into rural America. And I think that the growth industry for small businesses can be there as long as we support them at this level.

One of the things, speaking of small businesses, that I tried to eliminate was puppy mills. I started in California when I was in the legislature, and I have been very interested since I have been in Congress because I do not think you ought to be making money in an inhumane way.

And USDA finally got started in addressing the puppy mill problem by implementing the retail store rule and the puppy import rule. And so I want to know what has happened with the progress you have made on licensing the internet sellers and ensuring that puppies are not entering this country from foreign puppy mills for resale.

Mr. AVALOS. Congressman, this was a major concern. The loophole was there. And of course, Kevin Shea and his APHIS team did address it, so I am going to ask Mr. Shea to respond to your question.

Mr. SHEA. Mr. Farr, with the retail pet store rule, we have had 133 entities come under license since we put that into place, and our best knowledge so far is that about 30 to 35 of those were entities that had had a license many years ago and dropped it, and we believe possibly taking advantage of the internet loophole.

So we think we are headed in the right direction by having that many more entities come under license, and seeing that we are getting back some of the ones who dropped their license when they said they were no longer breeders. They were retail pet sellers. So I think we have made some really good progress on that, and we will continue to work on it.

#### MARKET DIRECTORIES

Mr. FARR. Well, would you let us know? I want to follow through. I just think we ought to put the puppy mill breeders out of business anywhere in the world, particularly if they are trying to get access to the American market.

One of the things that I also wanted to compliment you on, and maybe you can comment on it, is the work you are doing on creating the national on-farm market directory. It seems to me, in this light of trying to give people opportunity—what I have seen in agriculture, and Mr. Valadao is certainly in it for a living and I am just in it on the sidelines, but the consolidation has just allowed no market competition.

You are a beef operator, and boy, the prices are stable. And now you grow your beef cows on grasslands, and you can go to a local slaughter, hopefully; we are going to try to build that. And there you can keep it organic, and you can go and sell it in a farmers market and all that. These really are nifty new markets that are opening up, and restaurants who want to buy directly from growers.

And now you are putting together this national on-the-farm market directory, and I wanted to know how that is coming. I guess you are doing town hall meetings to show rural America how they can get better educated, and for the assistance that you can give them, technical assistance for how you can do local food promotion program grants, how you can work with the regional rural development centers to conduct grant-writing workshops. All these things sound really cool to me.

And I want to know, is it effective? Are people excited about this opportunity to see a light at the end of the tunnel, that maybe their dreams of being in agriculture might have some play out? I know you have converted some—I read that you converted an historic flour mill in Pennsylvania to a farmers market, a train depot in Tennessee, a ferry building in California, and shipping containers in New York. Is that still going on, and what is the response?

Mr. AVALOS. Congressman, first I want to say that we are so lucky in this country that our agriculture is so large and so diverse, and there are so many different types of growers, so many different products. And I just want to emphasize this, like I mentioned to the Chairman earlier.

At USDA, we are focused on all types of agriculture. It is true that the bulk of the agriculture in this country is what we call your

mainstream agriculture. But some of the local and regional—when I was in New Mexico, as you know, Congressman, I worked a lot to develop local and regional markets for small farmers. And this was an area that has been ignored for a long, long time.

And as I mentioned to the Congresswoman earlier, back home a lot of agricultural land that had irrigation water rights was not being farmed. And it was not being farmed because the small grower did not have a place to go with his product. He could not pay the bills if he grew a crop on that farmland. But when you did not grow on that farmland, you lost your water rights. Three years in a row, your water rights were gone. So that is another component of this local and regional that is so, so important.

But to get into your question on the directory, I am going to ask Ms. Alonzo to expand on it. Thank you.

Ms. ALONZO. Thank you, Mr. Under Secretary.

Yes, Congressman Farr. There is a lot of consumer interest and demand for local/regional information. In fact, last year we had about 2,000 requests for support. And as you mentioned in terms of supporting the rural economy, Secretary Vilsack has made support of local/regional as one of the four pillars in terms of how we are going to support the rural economy and economic development and jobs.

And so we are very proud of that. Something called the “Know Your Farmer, Know Your Food” Initiative across the Department, where we are looking at how we can support this growing industry, and we have had about 3,000 projects that we have been advancing throughout the United States because of our work collectively.

There is a lot of demand. We just had an estimate of about \$6.1 billion in sales in this area and growing. And in terms of my agency’s role, we have a multifaceted role—technical assistance, research and information-gathering, procurement and grant-giving.

But to your point, we recently put together four helpful directories. There is such a need for information. Folks are looking for where is the farmers market? Where is the food hub? And so we have directories on farmers markets, food hubs, community-supported agriculture, and on-site farm store directories. They were just launched. They are voluntary, and people are starting to put their information in so people can become aware of where these—

Mr. FARR. Can you shift that into—do not answer this question except for yes—can you turn that into agritourism, all that information? Yes, you can.

Ms. ALONZO. I am sure we can, and we will say yes.

Mr. ADERHOLT. Mr. Valadao.

#### CALIFORNIA MILK MARKETING ORDER

Mr. VALADAO. Thank you, Mr. Chairman. Thank you, Under Secretary, for taking the time out for us today.

My first question is actually directed towards Ms. Anne Alonzo. Obviously, the California dairy industry is something close to my heart, as I am the only dairy farmer in Congress.

On February 5, 2015, USDA received a formal hearing request from California Dairies, Incorporated, Land O’Lakes, Incorporated, and Dairy Farmers of America, Incorporated, all coops representing

the majority of California milk, which is owned by, as coops are all owned, by U.S. dairy farmers, to establish a Federal milk marketing order for the State of California.

Ms. ALONZO, can you provide us an update on the status of California's application to establish a Federal order?

Ms. ALONZO. Yes, Congressman Valadao, and thank you for your leadership in this area. Yes. My agency received the proposal on February 5, and we are now requesting additional proposals. We posted the proposal online, and we again requested the additional proposals.

We have also sent out by mail to 2,000 folks this information. We wanted to make sure that this is very open and folks can understand what we are doing.

Mr. VALADAO. The 2,000 are dairy farmers?

Ms. ALONZO. We believe so, yes. In terms of next steps, there are next steps. In May 2015 we are going to host three public outreach sessions throughout the State, and folks will have the ability to explain the intent of their proposals and we can explain the rule-making process.

Then we are going to follow a formal rulemaking hearing process to investigate the merits of this request. And in terms of when we can expect the hearing if that were to happen, it is going to be in September 2015, most likely in the Central Valley of California, and we expect it to last several weeks. And if initiated, rulemaking is expected to take over two years.

#### TRADE-RISK ASSESSMENTS

Mr. VALADAO. All right. Thank you.

And then Under Secretary Avalos, USDA is proposing to amend regulations governing the importation of fruits and vegetables by broadening the existing performance standard and using notice-based process.

Under Secretary Avalos, would this expedited process allow for access to the U.S. market without OMB and the Secretary's review? And would potentially impacted parties have the opportunity to thoroughly review the risk assessment or to have OMB consider economic impacts to the U.S. economy, as in such cases as the lemon imports from Argentina?

Mr. AVALOS. I guess the general answer is no. We are looking at more efficiency, to do the job better, to meet the needs of the stakeholders.

Mr. VALADAO. What stakeholders are you referring to?

Mr. AVALOS. It would be importers and exporters. But I am going to ask Mr. Shea to answer your question because I know that he has worked quite a bit on this issue.

Mr. VALADAO. All right. Thank you.

Mr. AVALOS. Now, before I do that, I did want to mention—you mentioned lemons from Argentina. I know that is a concern in California. I have had California folks come in to see me several times on this issue, and I just want to assure you and assure your citrus industry in California that before we start talking about a proposed rule for lemons from Argentina, that APHIS is going to do a very, very thorough site visit into Argentina.

We are going to make sure that mitigations are in place, that mitigations would not be removed over time, to prevent the entry of any pest or disease from Argentina. But again, this is in the very, very early stages, and I just want to make you aware, Congressman—

Mr. VALADAO. Appreciate that.

Mr. AVALOS [continuing]. That it is on our radar and we are talking to your industry.

Mr. VALADAO. Thanks.

Mr. SHEA. To get to some of your specific questions, the Secretary would always have to approve anything that we did along these lines.

Second, while OMB would not have formal approval involvement, they certainly would have informal involvement, and we are working with them so that they would always have the opportunity to look at one of these things before we do it.

And I think the ironic thing here is we really are proposing this to try to help stakeholders. You asked the question, who are the stakeholders. We really think we need to streamline our import regulation process because when we go to other countries to try to gain new markets, often the question back to us is, well, we would like your market as well. And our process takes much longer than most of their processes do.

So what we were really trying to do here was to get leverage in our trade negotiations with other countries by being able to more quickly respond to their requests, but with the full risk assessment done. And again, to get back to one of your very specific questions, even under this process, the risk assessment would be published with an ample comment period for everyone to look at it.

Mr. VALADAO. Thank you. I yield back.

Mr. ADERHOLT. Ms. Pingree.

#### ANTIMICROBIAL RESISTANCE

Ms. PINGREE. Thank you, Mr. Chair, and thank you again to the panel for being here. And I do appreciate, Mr. Under Secretary, your remarks about the opportunity for all markets here and how important that is at the USDA because certainly, opening up more local and regional things and some of the opportunities for organic growth have really been helpful in a lot of the New England States and other places in the country.

I think my question is for APHIS about antibiotic resistance. I do not think I have to make the case to you that this is a very serious health concern. The CDC has told us that at least 20 million illnesses and 23,000 deaths are caused by antibiotic-resistant bacteria each year in the U.S. alone.

So I was very happy to see that the President's budget acknowledges the seriousness of that threat and allocates \$1.2 billion across the Government to tackle antibiotic resistance. Of that, \$77 million goes to the USDA for research alternatives to antibiotic use, which is, as I understand it, quadrupling of current funding. So that is great.

I just want to know more about how APHIS is going to work with USDA's research agencies to combat the issue. Is it working with the FDA? CDC? NIH? Just interested in a little more about

what you think is likely to happen. Or whoever wants to answer the question; I did not mean to point at you.

Mr. AVALOS. Congresswoman, let me just make a comment, and then I will turn it over to Mr. Shea.

I just wanted to say that at USDA, we know that the use of antibiotics is really important to the livestock industry. And it is a priority for us to make sure that, today and going into the future, antibiotics will still be a tool for the livestock industry. And that is one of the reasons that we asked for this additional funding.

Now, we are going to use this money—well, you know what? I will let Mr. Shea expand because I know that he will have a better answer than me.

Ms. PINGREE. Well, thank you. Thank you both.

Mr. SHEA. I am sure he would have had a fine answer. But let me say that our role in APHIS is to use our on-farm relationships to be able to gather data. I think there is an assumption by some that farm practices constitute the biggest problem with antimicrobial resistance. And we are not sure that that is exactly true.

What we want to do is gather information. So we are going to be doing surveys with farmers and ranchers. We are going to be collecting samples and testing them at our Veterinary Services laboratories to see what the bacteria level is on farms.

So that is the kind of thing we are going to be doing. So we are gathering real basic data about on-farm use of antimicrobials to see just how they are used, and to be able to analyze that data and provide that to the larger national discussion with FDA and the research agencies.

Ms. PINGREE. Thank you. Thank you, Mr. Chair.

#### FERAL SWINE PROGRAM

Mr. ADERHOLT. The committee provided \$20 million to support a new effort that addresses feral swine in the United States. Animals have caused an estimated \$1.5 billion annually in damage to the United States, and frequently have interactions with livestock and humans posing a real health risk.

Can you tell us a little bit about the actions that APHIS has taken and what its partners have taken up to this time?

Mr. AVALOS. Mr. Chairman, first of all, again, we really appreciate your support to our feral swine program. As you mentioned, feral swine do a lot of damage, not only to cropland but to private property and to natural resources. And also another thing that a lot of people forget is these feral swine, they carry diseases like pseudorabies and brucellosis that USDA, with the support from this Committee over the years, eradicated in our livestock. And now these wild pigs are carrying these diseases.

So we appreciate your support, and our folks at Wildlife Services have really done a good job to address the issue of feral swine. They have done a very good job to remove some of these pigs. They have done a good job to manage the spread of feral swine in several States. To date with the funding, we have established 41 management programs in 41 different States.

And the good news is that in two States this year we will eradicate feral swine, in Idaho and in Maryland. And this is three years

ahead of schedule. So I just want to applaud the work of Mr. Shea, APHIS, and Wildlife Services in this arena.

#### GRAIN EXPORT INSPECTIONS

Mr. ADERHOLT. Let me switch to GIPSA just for a minute. Last summer there was a great deal of upheaval at the Port of Vancouver when the Washington State grain inspectors did not conduct inspection of grain shipments citing safety concerns due to an ongoing labor dispute at the port.

There was an expectation and statutory requirement that Federal inspectors would carry out the activities in the absence of State inspectors. To my knowledge, Federal inspectors did not conduct inspections, also in citing safety concerns. After a great deal of delay, the situation was finally resolved and the Washington State inspectors resumed their duties.

In order to expand trade opportunities, it is vital that our trading partners know we are a reliable source of goods. This is a situation where USDA can directly assist with export opportunities. I know worker safety is important, but I think the delay on behalf of USDA was unnecessarily long in this instance.

My question is: Given what happened in Washington last year, should all export inspection be conducted by Federal inspectors?

Mr. AVALOS. Mr. Chairman, I am going to ask Larry Mitchell, our GIPSA administrator, to answer your question because I agree fully that having dependable access to the ports is critical to agricultural trade, and it is very, very important to how our trading partners think and how they feel about us.

But this issue was very, very complicated and very, very complex. So I am going to ask Mr. Mitchell to answer your question.

Mr. MITCHELL. Thank you, Mr. Avalos.

I believe your question was, should all the inspections be done by Federal inspectors.

Mr. ADERHOLT. Given what happened in Washington.

Mr. MITCHELL. Given what happened in Washington. I am not sure that I concur with that. This was an isolated incident at one elevator, one elevator out of over 10 export facilities in the Pacific Northwest. There were some unique issues there.

The Washington State Department of Agriculture inspectors found it to be a hostile and very dangerous environment to get in and out for work. When they had to stand down, we went in to do a safety assessment. That safety assessment showed that we needed a full safety mitigation plan to ensure the safety of our inspectors going in and out.

It took longer than I wanted, and longer than everyone else that I know wanted, to get that plan established. We had the plan established, were ready to go into the facility with Federal inspectors, about the time that the labor-management dispute was resolved. In fact, we were planning to go in that morning, and the night before was when the agreement was made.

But to answer your question, I do not know that we would have gotten in there any quicker than Washington State. It was a very hazardous environment. I can say that we do have that safety mitigation plan in place. It is on the shelf. Should this occur again, the

time frame for dusting it off, reassessing it, and moving inspectors in to ensure the export of our grain would be much shorter.

Mr. ADERHOLT. Well, in the future, I hope and I think we certainly expect that GIPSA will respond in a more expedited, swift manner if another incident like that should occur.

Mr. Farr.

#### MARKET DIRECTORIES

Mr. FARR. Thank you very much, Mr. Chairman. I am sorry about your cold. I hope you get over it.

I want to again follow up on this directory because I see these opportunities opening up. We have a farmworker training center, not necessarily farmworkers, ag workers, who want to learn how to be other than just pickers. They want to be able to operate machinery. They want to actually go into farming. And it is very successful. And they have got incubator plots where they can start.

What they have found is that they then go out and make contacts with restaurants and with the Community Supported Agriculture (CSAs) and develop their own marketing. I would love to see them get into your market directories. What are you doing to really outreach? Do you give incentives? You said you get a whole bunch of hits, but it seems to me these directories really ought to be—every county in America ought to have this directory full because I think then you can develop markets for the tourists and, for example, the on-the-farm markets.

If you think about it, wineries have been on-the-farm markets forever. You go to the farm and you sample what they have and you walk away with some samples. I hope we can do that some with meat and poultry someday with our craziness in that area.

But is there an opportunity? What are you doing to really go out and tell people, look, we can help you match up what you are making, getting people here to buy it on farm, or get people to buy a basketful of food that we will deliver to your door under the CSAs, and to list all those things? Because people are hungry to know about that.

When I got here in Washington—I do not think it is legal any more—there used to be a guy that came in here with his vegetables in our building and sold them to our offices. And everybody raved about it because it was always fresh and it was right from the farm.

But where there are opportunities for that, I hope you will seize it. So what are you doing to do an outreach, and aggressive outreach?

Mr. AVALOS. Congressman, before I turn it over to Ms. Alonzo, I just want to follow up a little bit on your agritourism comment. It caught my attention because years ago, when I was out in the countryside in New Mexico, we did just that. And it was in cooperation with USDA, AMS, because at one time they had a very strong agritourism program. And we used to have directories, partially funded by USDA, to advertise on-farm agritourism.

And to this day, all over the country, agritourism is a very important component of a farm. It generates income other than just regular crop production. Agritourism is another source of income.

Mr. FARR. Well, wineries have done it really well. What about the rest of it? I have got people who can pick apples and strawberries and loganberries and raspberries. All the families go out and do it, and if you do not want to take it home and make your own pies, they also have a bakery there and they make the pie so you can take the pie home. But it is just really all this value-added.

Mr. AVALOS. Oh, absolutely. And it is really another option for a smaller producer. Instead of producing, say, their grapes and selling them to the wholesale market to mainstream, they can generate more money for that small acreage by selling direct and by being creative and creating some agritourism, or just a simple thing like a bakery, tying it with education with the schools.

There are so many components. So when you mentioned agritourism, it reminded me of the stuff that we used to do years ago.

Mr. FARR. What are we doing on a national level to make sure that you have all that information and can put it into a standardized national directory so people can look it up county by county, city by city?

Mr. AVALOS. I think Ms. Alonzo probably can answer that question for you.

Ms. ALONZO. Well, Congressman Farr, a top priority of ours is communicating what we are doing. It is really not helpful to put all these tools in place for these stakeholders unless they know that they are available. So we keep our public affairs office very busy with blogs, with webinars, with press releases. We have proactively tried to communicate all these value-added tools.

In fact, in terms of some of the grants that we have available, we are putting in place 109 workshops this year to go out to the different States. And I believe Congresswoman Pingree may even be participating with us in some of these grant workshops where we are going to be educating stakeholders about some of our grants.

So I guess I would just summarize that we have had a very big communications focus on these tools. And you have probably read about some of what we are doing in some of the blogs and the webinars and the press releases. But we recognize the importance of communicating these programs.

Mr. FARR. Have you included flower growers in that?

Ms. ALONZO. Flower growers are very important to us. We have funded some projects with our Specialty Crop Block Grants. We also do grading of flowers. And I know in the past there was an effort underway to create a committee, a checkoff, if you will. But yes, this is all part of the stakeholders that we serve and we communicate to.

Mr. FARR. For on-farm markets, including flowers in that category, too?

Ms. ALONZO. I believe so.

Mr. ADERHOLT. Ms. DeLauro.

#### COUNTRY OF ORIGIN LABELING

Ms. DELAURO. Thank you, Mr. Chairman. And my apologies to you and to our guests. Crazy day. But thank you. And I have got a couple of questions for AMS and then for APHIS.

In AMS, Ms. Alonzo, have you been following the recent foodborne illness outbreaks in Australia, which are the imported berries from the Peoples Republic of China that were contaminated with hepatitis A? We have had about, I think, 21 Australians sickened. The majority of the victims are kids. Because of the outbreak, Australia is now considering tightening its Country of Origin Labeling requirements.

Has AMS been consulted on what the Australian Government intends to propose? Could those new requirements be challenged at the WTO? And how will this labeling requirement affect U.S. agricultural products exported to Australia?

Mr. AVALOS. Congresswoman, I am not aware of the situation and we have not been consulted. So thank you for bringing it to our attention.

Ms. DELAURO. Terrific. Well, if you would just get back to us, that would be great.

Mr. AVALOS. Yes, we can. Absolutely.

[The information follows:]

## COUNTRY OF ORIGIN LABELING

The Agricultural Marketing Service (AMS) was not consulted by the Australian government concerning proposed amendments to their country of origin labeling requirements.

Since Australia is a member of the World Trade Organization (WTO), requirements related to trade may be challenged at the WTO.

The U.S. complies with importing country's country of origin labeling requirements.

Australia has required country of origin to be declared on most foods since 2013. All packaged foods, including frozen berries, must carry a statement identifying either: 1) the country where the food was made, produced or grown; or 2) the country where the food was manufactured or packaged, and that the food is a mix of ingredients imported into that country, or a mix of local and imported ingredients.

The Food Standards Code of Australia also requires certain unpackaged foods to declare country of origin, including unpackaged fresh and processed fruit, vegetables, nuts, spices, herbs, legumes, seeds, fish (including shellfish) and meat (pork, beef, sheep and chicken). The country of origin of the food must be identified, or if the food is a mix of foods from different countries, the retailer can state each country of origin or that the food is a mix of local and imported foods, or a mix of imported foods. The country of origin can be written on a sign near the food, on the label, or on the product itself (e.g., stickers on fruit).

Australia's requirements are not unlike those in place in the United States. U.S. Country of Origin Labeling (COOL) requires that origin be declared for fresh or frozen single variety fruit. Even for items that are considered a processed food and exempt from COOL, certain origin labeling information applies according to the Tariff Act of 1930. For example, if frozen berries (strawberries, blackberries, and blueberries) are mixed in a bag, they are considered a processed food item and exempt under COOL. However, under the requirements of the Tariff Act of 1930, the country of origin must still be marked on the bag if the berries are of foreign origin.

## POULTRY IMPORTS

Ms. DELAURO. Yes, please. Again with regard to AMS, and this is the Chinese chicken ban, what has AMS done to implement Section 736 of the Omnibus Bill, which would prohibit USDA from purchasing poultry products from the Peoples Republic of China for the various nutrition programs that the USDA administers?

Have there been communications sent to State nutrition programs and school districts about this provision of the law? If so, may we receive those documents?

Ms. ALONZO. Congresswoman, we only purchase 100 percent domestically produced food under our commodity procurement program.

Ms. DELAURO. So for the State nutrition programs and the school district programs, you are only purchasing domestic product?

Ms. ALONZO. That is correct.

Mr. AVALOS. And also, Congresswoman, on chicken coming in from China, right now no chicken, whether it be fresh, frozen, or cooked, is allowed to come into this country.

## FOOT AND MOUTH DISEASE

Ms. DELAURO. The language that was in the Omnibus would prohibit because we do not know what the future will bring us in this area. So we certainly do not want it to be part of the nutrition programs.

Brazilian/Argentinian beef imports, the status of the two proposed rules that would permit 14 Brazilian States and Argentina to export fresh and chilled beef to the U.S. domestic livestock producers have been upset about this because of foot-and-mouth disease in their animal herds. We have not had a case like this since 1929 because of the strict ban that we have had on the importation of live animals or meat from these countries. Why are we now relaxing that ban?

Mr. AVALOS. Congresswoman, I want to assure you that at USDA, it is our priority to protect the livestock industry from any animal disease such as FMD. It is a priority that is not going to change.

Now, I also want to state that when we get a request from different countries, our decisions have to be science-based. Our decisions have to follow international guidelines. And the reason that I am saying this, Congresswoman, is because when we seek access into other countries, we have to follow certain criteria and that country has to follow certain criteria. So if we are not doing what they do, we will not get market access, either.

Ms. DELAURO. Just for one second, both Brazil and Argentina have checkered food safety pasts. Both of these countries have been accorded food safety equivalency by FSIS, and then we have discovered that there are deficiencies in these systems. And the issue is the coordination with FSIS on this, and we have two proposed rules that would allow for the export efforts here.

So if you could get back to me on where we stand on those rules. And again, to answer the question, can we wait until the GAO study—there is a GAO study going to be published before we move to finalize the rules about allowing this or relaxing this ban.

Mr. AVALOS. Congresswoman, absolutely. We will get back to you on where we are. I can tell you now we have had comment periods. We have received comments. We are still reviewing them. And we have not determined which way we are going at this time.

[The information follows:]

BRAZILIAN AND ARGENTINIAN BEEF IMPORTS

We have not implemented any final rules regarding this issue and are still considering how to move forward. In regard to GAO, they have not contacted APHIS to begin an audit on beef imports from Brazil and Argentina. When GAO contacts us to begin the audit, APHIS will be happy to provide all of the information they request.

Ms. DELAURO. A quick question for APHIS. How engaged has APHIS been in the two trade negotiations that are currently taking place? Would you supply us with a list of the dates that APHIS staff has physically participated in these negotiations and the subject matter discussed?

Mr. SHEA. We would certainly have to provide those for the record, the exact dates. But we have been involved and we are certainly doing everything we can to make sure that animal and plant health considerations remain important.

Ms. DELAURO. But you will provide us with the information and the dates and the subject matter?

Mr. SHEA. We will provide any information we may have.

[The information follows:]

## APHIS PARTICIPATION IN TRADE NEGOTIATIONS

To date, APHIS has attended all eight rounds (or negotiating sessions) of the Transatlantic Trade and Investment Partnership (TTIP) trade negotiation. The TTIP negotiation is a bilateral negotiating framework between the United States and the European Union. Each round of negotiations is led by the United States Trade Representative (USTR) and the Directorate General for Trade of the European Commission. During each of these rounds of talks, APHIS addressed subject matters associated with: (1) sanitary and phytosanitary (SPS) chapter text; (2) regulatory coherence chapter text, which refers to transparency, input, and accountability in each country's regulations; and, (3) specific SPS trade issues. Since the negotiations began in 2013, the United States and the European Union have discussed interests in live swine, Avian influenza, Bovine spongiform encephalopathy (BSE), and citrus canker, among others. The dates of the rounds that APHIS staff has participated are submitted for the record below:

<b>Transatlantic Trade and Investment Partnership (TTIP)</b>
<b>Meeting Dates &amp; Locations</b>
TTIP Round 1, July 8-11, 2013 in Washington, D.C.
TTIP Round 2, November 10-14, 2013 in Brussels, Belgium
TTIP Round 3, December 15-19, 2013 in Washington, D.C.
TTIP Round 4, March 10-14, 2014 in Brussels, Belgium
TTIP Round 5, May 19-23, 2014 in Arlington, Virginia
TTIP Round 6, July 14-18, 2014 in Brussels, Belgium
TTIP Round 7, September 29-October 3, 2014 in Washington, D.C.
TTIP Round 8, February 2-6, 2015 in Brussels, Belgium

APHIS has attended 16 out of the 21 rounds (or negotiating sessions) of the Trans Pacific Partnership (TPP) trade negotiation. In contrast to TTIP, the TPP negotiations are a multilateral negotiating framework. Each round of negotiations is led by the USTR and the Trade Ministers from Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. During the rounds of talks that APHIS attended, APHIS addressed subject matters associated with: (1) SPS chapter text, and (2) SPS trade issues. The United States has different interests for the each country ranging from BSE restrictions to the pork market to the potato market. To address country specific SPS issues, USTR led individual bilateral discussions before or after the SPS Chapter text negotiating rounds. The TPP SPS Chapter was largely finalized in September 2014 and is now undergoing a legal review. The dates of the rounds that APHIS staff participated are submitted for the record below:

<b>Trans Pacific Partnership (TPP)</b>
<b>Meeting Dates &amp; Locations</b>
TPP Round 2, June 16-18, 2010 in San Francisco, California
TPP Round 4, December 8-10, 2010 in Auckland, New Zealand
TPP Round 5, February 2011 in Santiago, Chile
TPP Round 6, March 28-31, 2011 in Singapore
TPP Round 7, June 20-24, 2011 in Ho Chi Minh City, Vietnam
TPP Round 8, September 6-8, 2011 in Chicago, Illinois
TPP Round 9, October 23-28, 2011 in Lima, Peru
TPP Round 11, March 5-7, 2012 in Melbourne, Australia
TPP Round 12, May 14-17, 2012 in Dallas, Texas
TPP Round 13, July 5-7, 2012 in San Diego, California
TPP Round 14, September 11-14, 2012 in Leesburg, Virginia
TPP Round 15, December 10-14, 2012 in Auckland, New Zealand
TPP Round 16, March 1-6, 2013 in Singapore
TPP Round 17, May 16-19, 2013 in Lima, Peru
TPP Round 20, November 18-21, 2013 in Salt Lake City, Utah
TPP Round 21, February 17-21, 2014 in Singapore

Ms. DELAURO. Thank you. Thank you very, very much. I am out of time. Thank you, Mr. Chairman.

Ms. PINGREE. Mr. Chair, I have one long question on superweeds, and I will submit it for the record and yield back the rest of my time to Congresswoman DeLauro.

#### FOOD SAFETY COOPERATION

Ms. DELAURO. Thank you very much, Ms. Pingree. Thank you, Mr. Chairman.

Would you describe again how AMS has been working with U.S. Food and Drug Administration in the development of regulations for the Food Safety Modernization Act? Does AMS anticipate playing any role in the enforcement of the regulations? How will those regulations impact any existing marketing orders that contain food safety components to them?

Mr. AVALOS. Congresswoman, I am going to ask Ms. Alonzo to answer your question.

Ms. DELAURO. Thank you.

Ms. ALONZO. Congresswoman, as you know, FDA and FSIS are the primary agencies with responsibility for food safety. It is not part of our core mission.

That said, in terms of the Food Safety Modernization Act (FSMA), I guess we like to look at ourselves as bridging the gap, if you will, between stakeholders and the FDA to address a lot of the concerns that might be in the marketplace about produce safety, for example.

And so, for example, we have a full-time position that acts as a liaison to FDA relative to all FSMA, if you will, related activities and FDA funds the position, which is great. And we have a jointly funded Produce Safety Alliance, which is an effort with Cornell University. And we are trying to help the produce industry with educational opportunities to understand best practices, if you will, and future regulatory requirements, especially since a lot of this is coming down the pike.

And we also have several projects related to good agricultural practices in the marketplace to make sure that what we are doing aligns with FDA produce safety regulations. And so many, many more. We have a group Good Agricultural Practices (GAP) project with small producers to make sure that they work together. They get audited and they get sampled, and this pilot, if you will, is in six States and we want to expand it.

All this to say that we have a very close relationship with FDA, and we are working very closely on the expected FSMA eventuality and making sure that our stakeholders feel comfortable and educated about what is going to be required.

#### BEEF AND POULTRY PURCHASES

Ms. DELAURO. I have a question about the testing of beef and poultry. What is the testing regime for beef and poultry products that are purchased by AMS for the nutrition programs that USDA administers? Do we have performance standards used by the agency for the various pathogens for which it tests? If so, what are they?

And you may not be able to answer all these now, but you may want to—how are vendors held accountable for those standards? What is the policy for AMS to drop a vendor from its approved list based on the microbiological testing program that it conducts?

Mr. AVALOS. Congresswoman, these are really good questions and very good concerns. And I do not have an answer at this time, but if you would allow us, we would like to get back to you and answer those questions for you.

Ms. DELAURO. Sure. I absolutely will, and I appreciate that. Sometimes you just do not know the answer to all the questions. I get that. But if you can get back to us on all these issues, that would certainly be helpful.

And I want to say thank you, Mr. Chairman, and yield back the balance of Ms. Pingree's time.

And thank you all very much.

[The information from USDA follows:]

#### BEEF AND POULTRY TESTING FOR COMMODITY PURCHASES

All beef and poultry procured by AMS must be produced at an FSIS-inspected establishment. In addition, AMS purchase specifications require approximately every 2,000 pounds of boneless beef trim and every 10,000 pounds of ground beef to be tested for the presence of microorganisms. All beef is tested for standard plate count organisms, generic *Escherichia coli*, and coliforms as indicators of process control. Any beef found to contain these microorganisms at levels exceeding AMS-defined critical limits is rejected for purchase. In addition, the testing results are used to monitor a vendor's process control, based on which a vendor may be declared ineligible to produce for AMS. Beef that is intended to be delivered raw is also tested for *Salmonella* and for *E. coli* 026, 045, 0103, 0111, 0121, 0145, and 0157. Any beef testing positive is rejected for purchase by AMS. Cooked diced chicken is sampled and tested for the pathogens *Salmonella* and *Listeria monocytogenes*, and for the following indicator microorganisms: standard plate count organisms, total coliforms, generic *E. coli*, and *Staphylococcus aureus*. Any lot of product found to contain pathogens or found to exceed any indicator microorganism critical limit is rejected for purchase by AMS. A detailed description of the AMS microbiological purchase specification program, including sampling methodology and sampling results, is available at <http://www.ams.usda.gov/AMSV1.0/ams.fetchTemplateData.do?template=TemplateA&navID=MicrobialTestingofCommodities&rightNav1=MicrobialTestingofCommodities&topNav=&leftNav=&page=FPPMicroDataReports&resultType=&acct=ls std>.

Mr. ADERHOLT. Okay. Well, thank you all for being here this afternoon, and that concludes our hearing. And we look forward to hearing your answers on some of these issues.

UNITED STATES DEPARTMENT OF AGRICULTURE  
MARKETING AND REGULATORY PROGRAMS  
QUESTIONS FOR THE RECORD  
HOUSE AGRICULTURE APPROPRIATIONS SUBCOMMITTEE HEARING  
MARCH 3, 2015

QUESTIONS SUBMITTED BY CHAIRMAN ROBERT B. ADERHOLT

Mandatory Country of Origin Labeling

Mr. Aderholt: The World Trade Organization (WTO) has ruled yet again that the USDA's Country of Origin Labeling (COOL) final rule is not in compliance with the international trade agreements. Canada and Mexico have indicated that they are planning to retaliate by establishing tariffs on U.S. exports such as fruits, wines, cereals, and other products from a number of states across the United States. The United States appealed the decision, however, it is important to note that the WTO has previously ruled that mandatory COOL for certain meat cuts violates our trade agreements, it is certainly reasonable to expect that we will face retaliation.

The Explanatory Statement accompanying the FY 2015 Omnibus Appropriation directed the Secretary to submit a report that contains recommendation for changes in Federal law that would be required for the establishment and implementation of a country of origin labeling program with respect to beef, pork, and poultry that does not conflict with, or is in any manner inconsistent with, the trade obligations of the United States. Will the Agency provide the requested report by May 1<sup>st</sup>.

Response: USDA will provide the Committee with our report as directed.

Mr. Aderholt: When might retaliation begin if the United States loses the appeals case?

Response: The WTO appellate body is expected to issue its decision by May 18, 2015. Should the Appellate Body find that some aspect of the COOL requirements remains inconsistent with the WTO, one option for Canada and Mexico would be to seek authorization from the WTO to suspend trade concessions granted to the United States. Canada and Mexico have each indicated that they will seek such authorization. The United States would then be able to refer any such request to a WTO arbitrator to determine the level of any such suspension of trade concessions. After the WTO arbitrator has issued its decision, Canada and Mexico would each then be able to seek final authorization from the WTO to impose trade sanctions, which could include imposing potentially prohibitive tariffs on various U.S. exports (including agricultural exports.) We anticipate this process would take 4-6 months from the time that Canada and/or Mexico initially seeks authorization to suspend concessions.

Mr. Aderholt: Please describe the process and steps the Agency would have to take in order to withdraw the final rule for meat products that was published in the *Federal Register* on May 24, 2013. Does the Agency have the authority to withdraw this final rule?

Response: USDA would have to engage in rulemaking to remove the final rule from the Code of Federal Regulations. As the agency that promulgated the final rule, USDA also has the authority to withdraw the rule.

Mr. Aderholt: If the final rule on meat products were to be withdrawn, what regulation would be in effect for meat products? If it is the final rule promulgated in 2009, which has also been found out of compliance with our WTO trade obligations, how is this solution viable?

Response: The meat products in the 2013 final rule was limited to muscle cut covered commodities. If the 2013 final rule for muscle cut meat covered commodities is withdrawn, the final rule promulgated in 2009 would be in effect.

Mr. Aderholt: What activity is the Agency conducting related to surveillance and enforcement of Country-of Origin Labeling? What is the total cost and what enforcement actions has the Agency been involved in during fiscal year 2014 and fiscal year 2015 to date?

Response: AMS conducts retail surveillance reviews utilizing cooperative agreements with state agencies and also conducts audits of the supply-chain for COOL compliance. In FY 2014, state cooperators completed 3,028 initial COOL reviews in retail stores across the country. In addition to the 3,028 initial store reviews, 563 follow up reviews were conducted in stores that were cited for critical and major weaknesses in a previous review. States were reimbursed for their work at a total cost of about \$2.3 million. AMS auditors completed COOL Supplier Traceback Audits on 113 covered commodities in FY 2014.

Thus far this fiscal year, state cooperators have been assigned 2,372 follow up reviews and State personnel are currently working with AMS staff to complete the work. A total of approximately \$1.9 million will be allocated to the States for COOL surveillance activities including \$81,000 to cover State training costs. In addition, at least 80 desk supplier trace back audits will be completed in FY 2015.

#### Web Based Supply Chain Management System

Mr. Aderholt: Last year the Subcommittee raised concerns with the Web Based Supply Chain Management System (WBSCM). You noted that a business process review was going to be underway in fiscal year 2015. Please provide an update of this review process, especially as it relates to food aid programs.

Please provide an update on the collaboration with USAID and FSA to resolve any conflicts regarding WBSCM.

Response: AMS is currently working on the Statement of Work for the business process review, and plans to award a contract no later than September 2015.

The business process review will encompass all business processes of the USAID and FAS food programs, as well as all domestic nutrition programs. The review will include personnel from USAID and FAS, as well as a representative group from each agency's customer base, to ensure its long-term success.

AMS continues to collaborate with USAID and FSA to ensure that the system can be fully utilized for all international food aid procurements. There have been three WBSCM functional releases in fiscal year 2015 that changed or updated WBSCM functionality. USAID provided input and helped prioritize the content of those releases. The business process review effort planned to begin in September 2015 includes a review of the international food aid program business processes and how they can be integrated into WBSCM to USAID's satisfaction. This will allow all parties involved to collaborate in defining user requirements and determining a path forward.

#### Pesticide Recordkeeping Program

Mr. Aderholt: Please update the table that appears in last year's hearing record showing states in the Pesticide Record Keeping Program, federal funds, and state funds for fiscal years 2013 and 2014, and estimates for fiscal years 2015 and 2016.

Response: The information is provided for fiscal year 2013. The program was terminated in fiscal year 2014.

[The information follows:]

Pesticide Recordkeeping Program		
State	FY 2013 Funding	
	Federal	State
Alabama	\$40,000	\$2,000
Alaska	-	-
Arkansas	45,000	2,250
Colorado	-	-
Delaware	-	-
Florida	-	-
Georgia	47,000	2,350
Idaho	46,000	1,200
Illinois	24,180	2,000
Indiana	-	-
Iowa	48,998	2,579
Kansas	-	-
Kentucky	40,400	2,100
Louisiana	40,000	2,105
Maine	-	-
Massachusetts	-	-
Michigan	40,000	2,000
Minnesota	45,000	2,300
Mississippi	26,940	5,942
Montana	34,450	1,723
Nevada	-	-
New Mexico	30,124	1,586
North Carolina	45,000	2,363
Ohio	-	-
Oklahoma	40,000	2,106
Oregon	40,905	2,045
South Carolina	31,000	1,550
South Dakota	-	-
Tennessee	25,000	1,250
Utah	40,000	2,000
Virginia	18,427	970
West Virginia	-	-
Wisconsin	-	-
Wyoming	-	-
Subtotal, States	748,424	42,419
Cooperative Educational Funding to University of IL	30,000	-
Subtotal, Direct Federal Administration	778,424	42,419
	856,478	-
Total	1,634,902	42,419

Mr. Aderholt: Please provide an explanation of how the state programs without federal funding currently operate and how those states receiving federal funds can function without federal funding and do so without negative effects.

Response: There are 23 states that operate their own pesticide records monitoring programs without federal funding. Those States have

implemented procedures to inspect certified applicators when complaints are filed, or they combine pesticide recordkeeping inspections with other State or Federal inspections during one visit to a certified applicator. These state programs produce and distribute their own educational outreach materials and information.

The 27 states that previously received federal funding through the Pesticide Recordkeeping Program, which was terminated as of fiscal year 2014, would have to revise their current programs to operate without federal funding. While each state may implement this change differently, it is likely that they would follow the precedent set by states with ongoing programs.

#### Transportation and Marketing Programs

Mr. Aderholt: The Subcommittee remains concerned that the Agency is not focusing adequate time and resources on the transportation challenges facing American producers. Please provide specific examples of how the Department is looking at all aspects of transportation and infrastructure to see how a comprehensive solution will benefit America's producers. In other words, how is USDA providing leadership to prevent the types of disasters with the rail lines in the upper Midwest and the west coast ports that producers have experienced over the past year?

Response: USDA fully realizes that transportation is critically important to all sectors of U.S. agriculture and therefore focuses time and resources to the issues affecting the movements of agricultural products. USDA is a strong advocate for agricultural transportation and regularly communicates with colleagues at the U.S. Department of Transportation (USDOT) and the U.S. Army Corps of Engineers (USACE) about transportation matters that are important to the agricultural sector. With the exception of Forest Service roads, however, USDA does not have jurisdiction over our country's transportation infrastructure. That is the responsibility of a diverse array of entities, including USDOT, USACE, States, Counties, Cities, as well as the private sector (for railroads, most ports, and public-private-partnership investments).

USDA regularly represents the interests of agricultural producers and shippers in improving transportation services and facilities by, among other things, initiating and commenting on Surface Transportation Board (Board) proceedings involving rates, charges, tariffs, practices, and services under § 1291 of the Agricultural Adjustment Act of 1938 and § 1622 (j) of the Agricultural Marketing Act of 1946. The Board, an independent adjudicatory agency that is administratively affiliated with USDOT, is the regulatory agency that Congress charged with resolving railroad rate and service disputes and reviewing proposed railroad mergers.

One example of USDA supporting producers on issues related to rail transportation is when the USDA Office of the Chief Economist (OCE) and Agricultural Marketing Service (AMS) worked collaboratively to provide key and timely analysis of the severe transportation challenges facing rural America during the rail disruption in 2013-14 and the West Coast ports slowdowns in 2014-15.

In response to the rail disruptions, USDA effectively represented stakeholder concerns in both public and private forums and provided timely and accurate information to assist with the functioning of grain markets. USDA conducted extensive research and economic analysis that was included in regulatory filings and congressional testimony by AMS. USDA also met with numerous stakeholders and representatives, providing analysis and reporting to help mitigate economic losses from railway disruptions.

In response to the port disruptions, USDA conducted an economic analysis of trade data related to the short-term and long-term economic impact of prolonged port disruptions. USDA also provided regular reports to senior leadership on port congestion and the status of negotiations as the longshore labor contract expired for handling containers on the West Coast in May 2014.

USDA's AMS is currently working on an update of its *Study of Rural Transportation Issues* that was originally provided to Congress in April 2010. This work will shed light on issues affecting the transportation of agricultural products. Agricultural stakeholders can use the study's information and analysis provided to engage with appropriate transportation authorities and decision makers.

To help facilitate a competitive national agricultural transportation system, AMS also generates weekly, quarterly, annual, and periodic reports. AMS provides the latest unbiased data and analyses on shipment rates for trucking, rail, barge, and ocean shipping from the United States to other nations. Publications include the following:

- weekly *Grain Transportation Report*;
- weekly *Ocean Shipping Container Availability Report*;
- quarterly *Brazil Soybean Transportation Indicator Report*;
- quarterly *Mexico Transport Cost Indicator Report*;
- annual *Brazil Soybean Transportation Guide*; and
- periodic reports such as *Tracking U.S. Grain, Oilseed and Related Product Exports in Mexico*; *Transportation of U.S. Grains: A Modal Share Analysis*; *A Reliable Waterway System Is Important to Agriculture*; *Profiles of Top U.S. Agricultural Ports*; and numerous rail issue papers.

AMS regularly participates and makes presentations at national and regional events, including the Transportation Research Board, Transportation Research Forum, and annual meetings of the Midwest Shipper Association and the Agricultural Transportation Coalition (AgTC). Each year, AMS co-sponsors six Agricultural Shipper Workshops with AgTC in major exporting regions, where producers share their concerns regarding transportation infrastructure, regulatory issues, and policy issues. AMS also participates in the annual AgTC meeting on these topics. In August 2015, AMS, the Soy Transportation Coalition, and the National Grain and Feed Association are co-sponsoring a second Agricultural Transportation Summit that will bring together industry and government leaders to discuss *Transportation Capacity-Overcoming the Challenges*.

AMS also participates in the Administration's interagency Committee on the Marine Transportation System, serves as one of several Federal observers on the Inland Waterway Users Board and the Rail Energy Transportation Advisory Committee, and participates in meetings of the National Grain Car Council, as well as the Federal Highway Administration.

Mr. Aderholt: The Agency previously mentioned it is in the process of updating the April 2010 multimodal *Study of Rural Transportation Issues*. Please provide an update on this process and list the Federal agencies AMS is working with to update this study.

Response: The 2014 Farm Bill required USDA and USDOT to complete an updated study on rural transportation issues, including freight transportation of agricultural products, renewable fuels, and other issues of importance to the economies of rural communities. AMS is responsible for completing the updated study and coordinating with USDOT. The updated *Study of Rural Transportation Issues* will provide Congress and our stakeholders with important information that can be used for long-term policy, planning, and resource allocation.

AMS is working with the following agencies to obtain input and data:

- USDOT - Office of the Secretary of Transportation
- U.S. Army Corps of Engineers
- Federal Maritime Commission

AMS has entered into a cooperative agreement with Washington State University to update the study. The study team has been assembled, work on the update has begun, and initial drafts for several chapters have been written.

The previous study can be found online at: *Study of Rural Transportation Issues: Published in April 2010*. It has 15 chapters on topics including the importance of freight transportation to agriculture and how freight transportation supports rural America, as well as modal chapters on rail, barge, truck, and ocean shipping.

Mr. Aderholt: AMS has previously provided examples describing how the agency works with the U.S. Surface Transportation Board to support the agriculture industry, shippers and farmers. Please provide examples of how the Board has responded to AMS' comments and suggestions in a manner that has directly benefited farmers and the agriculture sector.

Response: AMS works regularly with the U.S. Surface Transportation Board to support the agriculture industry. For example, in April 2014, AMS's report on *United States Rail Service Issues* emphasized the perishability of grain stored on the ground and the need to specifically address it even as all rail commodities were being affected by railroad service issues. In response, the Board directed BNSF and CP Railways to provide the Board with plans for addressing the grain backlog, a timeframe for doing so, and weekly status reports.

AMS followed up by sending a letter to the Board urging improvements in CP Railways service and data reporting in August 2014. In response, the Board directed CP Railways to provide additional information in its weekly status reports.

In August 2014's Grain Rate Regulation Review, AMS encouraged participation in mediation and arbitration in order to address unreasonable rail transportation rates and make rate cases quicker and less costly. This recommendation was included in the Surface Transportation Board Reauthorization Act of 2014, which was reintroduced as the Surface Transportation Board Reauthorization Act of 2015 (S. 808). The Board will hold a public hearing on this proceeding on June 10-11, 2015, in Washington, DC.

AMS's report on Rail Fuel Surcharges, August 2014, advised the Board to modify its application of rules governing railroad fuel surcharges after finding significant differences between actual fuel costs and the fuel surcharges applied to shippers, including many agricultural shippers. Amending the rules governing fuel surcharges could potentially save agricultural shippers millions of dollars in freight transportation costs over the next 5-10 years.

AMS stated that simplified rate challenge procedures were necessary for grain shippers in the railroads' current revenue environment in Railroad Revenue Adequacy, November 2014. In response, the Board initiated an independent study to evaluate alternative rate regulation approaches that could reduce the time, complexity, and costs associated with the current methodology. The study will be available later in 2015, and the Board will hold a public hearing on this proceeding on July 22-23, 2015, in Washington, DC.

AMS supported the Board's proposition to make weekly reporting of railroad service metrics a permanent requirement in Performance Data Reporting, March 2015. This measure was strongly advocated for by agricultural shippers and end users throughout 2014 as a way to provide market transparency for marketing and transportation decisions affecting the movement of grain.

Mr. Aderholt: AMS is again requesting an increase of nearly \$2 million in fiscal year 2016 to provide additional insight and assessments of local and regional food systems across the country. During fiscal year 2015, local and regional food assessments are being conducted. How many assessments are being conducted and how much funding is being spent to conduct these assessments in fiscal year 2015?

Response: In FY 2015, AMS requested an increase of \$2,651,000 to identify and map local food infrastructure and resources in states. An increase of \$880,000 was provided and used to create state-by-state Market Guides with comprehensive summaries of available resources-essential information that makes it possible for producers/buyers to capitalize on opportunities and establish new connections. The FY 2016 increase of nearly \$1.8 million is the remainder of our initial request and will be used to complete additional state assessments of local food systems.

- AMS will use the FY 2015 funds to identify and map local food infrastructure in 2 states.
- The increase in FY 2016 will fund 4-6 additional state assessments per year of production capacity, existing local and regional markets, distribution networks used by local buyers and sellers, market size and demographics, and other food system traits.

Mr. Aderholt: With most of the activities supporting local and regional foods, please explain how this fits into the national perspective.

Response: A surge in consumer demand for locally-produced food is creating jobs and opportunity throughout rural America for farms as well as the small businesses that store, process, market and distribute food locally and regionally. USDA data indicate that local food sales totaled at least \$6.1 billion in 2012; industry sources estimate the market's value at \$11.7 billion in 2014 and predict that it could hit \$20.2 billion by 2019.

The 2012 Census of Agriculture indicates that more than 160,000 farmers and ranchers nationwide are tapping into growing consumer demand by selling their products locally. This segment of agriculture is a vibrant growth area that is drawing young people back to rural communities, generating jobs and improving quality of life in rural communities. The National Grocers Association and National Restaurant Association have identified local food as one of the top trends in their industries for several years running. Consumer demand creates new opportunities for producers and businesses that can tap into it by branding and marketing their products locally. At the same time, greater production of local food increases access to these foods in underserved communities.

In order to fulfill its broad mission of facilitating the marketing of U.S. agricultural products, the Agricultural Marketing Service (AMS) supports the full diversity of agricultural stakeholders, including local and regional food enterprises.

In accordance with the Agricultural Marketing Act of 1946 and the Farmer to Consumer Direct Marketing Act of 1976, AMS promotes applied research; resource development; and cooperation among Federal and State agencies, farm organizations, and private industry to create marketing opportunities for producers and distributors of locally produced agricultural products.

Since 2006-2007, several local food marketing channels have experienced dramatic growth, as reflected in recent data points tracked by USDA. For example:

- The number of self-reported farmers markets in the United States nearly doubled from 4,385 in mid-2006 to 8,379 in mid-2015;
- The number of school districts in the United States with farm to school programs (4,322) increased 430 percent;

- The number of regional food hubs -- enterprises that aggregate locally sourced food to meet wholesale, retail, institutional and even household demand - increased by 288 percent.

Mr. Aderholt: How has AMS used the data collected from the assessments? Please provide a few specific examples. What tangible benefits have you seen resulting from these assessments? Are there national benefits to having this information or just local and regional benefits?

Response: AMS is working with the National Institute for Food and Agriculture, land-grant university representatives, and a national data center to scope the work that will be conducted. Once developed, this local and regional mapping project should lead to strategic local and regional linkages that enhance the marketing of local foods.

AMS is in the process of identifying States with which to facilitate its first round of system-level assessments. States will be selected based on USDA Strike Force criteria and will ultimately complete assessments of all 50 states.

The data is being collected to identify and map states' local food infrastructure and resources in the food supply chain, including production capacity, existing local and regional markets, distribution networks used by local buyers and sellers, processors, market size and demographics, and other food system traits. This initiative will help new and beginning farmers and ranchers, veteran farmers and ranchers, traditionally underserved producer groups, local and national agricultural businesses attain a State-level perspective of agricultural business resources available within their State to establish, enhance, or diversify their agricultural enterprises.

#### Transportation and Marketing Programs

Mr. Aderholt: Please update the table in last year's hearing record that presents a list of all programs and initiatives, mandatory and discretionary, which provide related support for the marketing of locally produced food.

Response: Several AMS programs provide producers, small businesses and other eligible entities with financing and technical assistance to expand their operations, to improve their marketing opportunities, and to develop innovative production strategies unique to their needs.

The AMS programs below support local food production, marketing and access opportunities. The information is provided for the record.

[The information follows:]

Programs where some projects may support local food production, marketing and access opportunities	
USDA Agency	Programs
Agricultural Marketing Service	<ul style="list-style-type: none"> <li>• Farmers Market and Local Food Promotion Program Grants</li> <li>• Specialty Crop Block Grants Program</li> <li>• Federal-State Marketing Improvement Program Grants</li> <li>• National Local Foods Directories - Farmers Markets, Food Hubs, Community Supported Agriculture Enterprises, On-Farm Markets</li> <li>• Market News data collection on local foods prices</li> <li>• Group GAP pilot program for farm level food safety compliance</li> </ul>

#### Rail Transportation

Mr. Aderholt: Recently USDA's economist said that rail transportation has returned to normal after long waits and unusually high prices wreaked havoc on shipping routes throughout 2014. In January 2015 USDA's Office of the Chief Economist and AMS issued a report on the rail service challenges in the Upper Midwest. This report notes that Upper Midwest farmers lost about \$570 million on sales of soybeans, wheat, and corn last year due to painful rail delays that began with the bumper 2013 harvest and persisted into fall 2014.

Did AMS provide this report and information to the U.S. Surface Transportation Board? What actions were taken to make sure the Board was aware of the disruptions facing producers? Were there face-to-face meetings to ensure the Board fully understood how this negatively impacts the agriculture economy? Are there additional actions that AMS can take to be sure the Board properly considers the impact rail services and rates have on the agriculture sector?

Response: AMS did not provide the report and information directly to the Board. The report was provided directly to the Committees that requested it, after which it was published on the AMS and OCE websites. The analysis was also widely reported in numerous other publications and websites.

AMS' regulatory filings with the Board and meetings with railroads about the Upper Midwest service disruptions led to increased market transparency via the publication of weekly rail service metrics that are used by agricultural shippers in marketing and transportation decisions. USDA's reporting of the rail service disruptions provided immediate benefits to agricultural shippers by providing market insights and data.

While AMS did not have face-to-face meetings with the Board, AMS provided and will continue to provide formal written comments to the Board to ensure that it properly considers the impact of rail services and rates on the agricultural sector.

All written communications are on the record and posted to the Board's website. Board hearings and advisory committee meetings are open to the public; and the complete transcripts, written statements, and presentations are posted to the Board's website. AMS participates as a Federal observer with Board members on the Rail Energy Transportation Advisory Committee and attends and presents information at National Grain Car Council meetings, which include Board members.

AMS actively works with the Board to obtain the confidential Carload Waybill Sample.

The Board has stated its appreciation for AMS' active participation in Board proceedings. AMS written comments are considered by the Board in its decision making on all issues related to agricultural shipping.

AMS believes it has sufficient legal authority, time, and resources to interact effectively with the Board under § 1291 of the Agricultural Adjustment Act of 1938 and § 1622 (j) of the Agricultural Marketing Act of 1946. Accordingly, there are no additional actions that we recommend AMS take to ensure the Board properly considers the impact that rail services and rates have on the agriculture sector.

#### SHELL EGG SURVEILLANCE PROGRAM

Mr. Aderholt: Please explain how AMS's Shell Egg Surveillance Program provides the Food and Drug Administration (FDA) and/or the Food Safety and Inspection Service (FSIS) with support for the respective agency's food safety activities.

Please provide a five year history, including estimation for fiscal year 2015 that shows the number of handlers, total inspections, inspection rates, and compliance rates for both egg handling operations and hatcheries to control the disposition of certain types of under grade and restricted eggs.

Response: FDA and FSIS are the primary agencies with responsibility for food safety and labeling. The Egg Products Inspections Act (EPIA), passed by Congress in 1970, sets forth requirements to ensure that eggs and egg products are wholesome, otherwise not adulterated, and properly labeled and packaged to protect the health and welfare of consumers of these products. The EPIA provides for the inspections of shell egg handlers to control the disposition of certain types of loss and under grade eggs (restricted eggs). The Agricultural Marketing Service's (AMS) Shell Egg Surveillance (SES) program monitors the disposition of "restricted" (eggs that are cracked, dirty, leaking, or otherwise unfit for human consumption). It requires scheduled visits to shell egg handlers four times per year and annual visits to hatcheries. AMS and FSIS have a memorandum of agreement under which AMS monitors ambient storage temperature of shell eggs packaged ultimately for the consumer. To ensure compliance with the refrigeration requirements of the EPIA, AMS immediately notifies FSIS when temperature violations occur. By assuring compliance with the EPIA during quarterly inspection visits to each registered facility, AMS supports FSIS' critical mandate to safeguard public health.

AMS also supports the FDA's food safety activities by reporting significant violations of the Federal Food, Drug, and Cosmetic Act (FFDCA) under a memorandum of understanding between AMS and FDA. Each licensed Shell Egg Surveillance inspector has been trained to observe and record violations of the FFDCA found during routine SES inspection visits. FDA and AMS work collaboratively to readily identify conditions in shell egg processing facilities that may lead to adulteration of consumer labeled product.

A five year history of the Shell Egg Surveillance program is provided for the record.

[The information follows:]

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 Est
<b>Number of handlers*</b>	811	811	780	745	736
<b>Total inspections</b>	2,487	2,413	2,294	2,341	2,300
<b>Inspection rates</b>	98%	100%	100%	100%	100%
<b>Compliance Rates</b>	95%	96%	96%	94%	93% (to date)

\*Handlers include shell egg processing facilities, hatcheries, inedible processors, and hard cooked egg facilities registered with the SES program.

#### Pesticide Data Program

Mr. Aderholt: Please provide a summary of the results from the latest Pesticide Data Program annual report, including a summary of positive results/statistics and results needing further review or action.

Response: The Agricultural Marketing Service's (AMS) latest Pesticide Data Program annual report summarizes data collected in 2013 and was published to the PDP website in December 2014. The summary of results for data collected in 2014 is being drafted into its annual report format and is expected to be released later this year.

Each year, the U.S. Department of Agriculture (USDA) and EPA work together to identify foods to be tested on a rotating basis. In 2013, surveys were conducted on a variety of foods, including fresh and processed fruits and vegetables, baby food, infant formula, butter, salmon, and water. PDP data reflect actual residues present in food grown in various regions of the United States and overseas. In 2013, excluding water, residues exceeding the tolerance was detected in 0.23 percent (23 samples) of the total samples tested (9,990 samples). Of these 23 samples, 17 were imported (74%) and 6 were domestic (26%). Residues with no established tolerance were found in 3.0 percent (301 samples) of the total samples tested. Of these 301 samples, 152 were domestic (50.2%), 148 were imported (49.2%), and 2 were of unknown origin (0.6%). EPA has determined the extremely low levels of

pesticide residues are not a food safety risk, and the presence of such residues does not pose a safety concern.

In 2013, 100 (treated and untreated) drinking water samples were collected at water treatment facilities in 6 States, and a total of 14 groundwater samples were collected from private domestic wells and school/childcare facilities drawing from groundwater sources in 5 States. Low levels of detectable residues, measured in parts per trillion, were detected in both drinking water and groundwater. The majority of pesticides, metabolites, and isomers included in the PDP testing profiles were not detected. During 2013, no detections in treated water or groundwater exceeded established Maximum Contaminant Levels, Health Advisories, and Human Health Benchmarks for Pesticides, or Freshwater Aquatic Organism criteria.

PDP pesticide residue results are reported to FDA and EPA through monthly reports. In instances where a PDP finding is extraordinary and may pose a safety risk, FDA and EPA are immediately notified. In addition, PDP reached out to stakeholders such as baby food manufacturers, crop group associations including raspberry growers, and the chemical industry including Crop Life America and Syngenta to inform them of results and to provide data to address trade issues. PDP also prepared monthly pesticide tolerance reports for USDA's Foreign Agricultural Service, USDA's National Organic Program, and USDA's Office of Pest Management Policy.

Mr. Aderholt: Provide a table for the record showing the funding for the Pesticide Data Program since fiscal year 2008 to include estimates for fiscal years 2015 and 2016. Please include both direct and reprogrammed appropriations, if applicable.

Response: The information is submitted for the record.

[The information follows:]

<b>Pesticide Data Program</b> (Dollars in Thousands)	
<b>Fiscal Year</b>	<b>Funding</b>
2008 <sup>1/</sup>	\$15,348
2009	15,527
2010	15,908
2011 <sup>1/</sup>	15,367
2012	15,330
2013 <sup>2/</sup>	14,471
2014	15,347
2015	15,020
2016 Estimate	15,050

<sup>1/</sup> Net of Rescission

<sup>2/</sup> Net of Sequestration & Rescission

Mr. Aderholt: Please provide a complete list of states that are participating in the Pesticide Data Program and the amount of federal funds spent in each state for fiscal years 2008 through estimated

fiscal years 2015 and 2016. If the Department spent additional funds for the testing of water, please include a list of those states and the amount spent per state for this same period.

Response: There are currently ten States participating in the Agricultural Marketing Service's Pesticide Data Program in FY 2015 and estimated in FY 2016.

[The information follows:]

Pesticide Data Program Obligations in Participating States (Dollars in Thousands)																		
State	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Estimate	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Estimate
California	\$2,490	\$2,600	\$2,600	\$2,624	\$2,583	\$2,680	\$2,717	\$3,007	\$2,900	69	440	390	292	70	65	79	80	84
Colorado	1,350	1,195	1,421	1,345	1,300	1,205	1,458	1,412	1,480	85	93	85	80	85	85	85	85	90
Florida	1,245	1,270	1,260	1,245	1,705	1,191	1,208	1,250	1,300	1,655	1,625	2,075	1,976	2,047	1,830	2,100	1,800	1,890
Michigan	0	0	26	20	20	13	17	20	20									
New York	995	995	1,193	1,040	1,516	986	1,000	1,340	1,300									
North Carolina	1,200	1,160	1,160	1,260	1,473	1,482	1,281	1,225	1,285									
Ohio	1,060	1,080	1,000	1,300	1,300	1,199	1,057	1,030	1,080									
Texas	90	98	98	92	80	50	0	0	0									
Washington																		
Wisconsin																		
<b>SUBTOTAL,</b>	<b>\$10,239</b>	<b>\$10,556</b>	<b>\$11,308</b>	<b>\$11,274</b>	<b>\$12,179</b>	<b>\$11,044</b>	<b>\$11,002</b>	<b>\$11,249</b>	<b>\$11,429</b>									
<b>FOODS</b>	<b>\$321</b>	<b>0</b>	<b>0</b>															
Colorado	395	320	345	335	348	127	0	0	0									
Minnesota	399	360	365	335	335	132	0	0	0									
Montana	195	200	200	0	0	0	0	0	0									
New York																		
<b>SUBTOTAL,</b>	<b>\$1,310</b>	<b>\$880</b>	<b>\$910</b>	<b>\$670</b>	<b>\$683</b>	<b>\$259</b>	<b>0</b>	<b>0</b>	<b>0</b>									
<b>WATER<sup>1/</sup></b>	<b>\$11,549</b>	<b>\$11,436</b>	<b>\$12,218</b>	<b>\$11,944</b>	<b>\$12,862</b>	<b>\$11,303</b>	<b>\$11,002</b>	<b>\$11,249</b>	<b>\$11,429</b>									
<b>TOTAL</b>																		

<sup>1/</sup> PDP discontinued the water survey in May, 2013.

Mr. Aderholt: What data was provided to the Environmental Protection Agency (EPA) in fiscal year 2014 or fiscal year 2015 to date as it relates to dietary risk assessments?

Response: PDP data are essential in supporting efforts by the USDA and EPA to assess the American consumer's dietary exposure to pesticide residues. EPA is required to periodically re-evaluate pesticide registrations and tolerances to ensure that the scientific data remain up to date. The PDP provides data for the periodic re-evaluation of food tolerances. During FY 2014 and FY 2015, PDP provided data for 60 pesticides, plus their metabolites/breakdown products, that were scheduled for registration review by EPA. EPA used this pesticide residue data to conduct its dietary risk assessment.

These 60 pesticides included compounds in the following traditional pesticide classes: benzimidazole/imidazole fungicides, carbamate insecticides, conazole/triazole fungicides, and phenoxy acid herbicides, as well as newer chemistries requiring re-registration including imidazolinone herbicides, neonicotinyl insecticides, strobilurin fungicides, and tetramic/tetronic acid insecticides. PDP also supplied data for more than 450 additional pesticides, including metabolites/breakdown products, which are scheduled for review after FY 2015 and whose assessments will include FY 2014 and FY 2015 PDP data.

Mr. Aderholt: Please describe what pesticide data is exchanged between AMS, FSIS, EPA, and FDA on a regular basis and for what purpose?

Response: The pesticide data that USDA publishes each year provide regulators, scientists, farmers, processors, and consumers with important insights into the actual levels of pesticide residues found on widely consumed foods. EPA uses USDA's PDP data to conduct dietary risk assessments and to ensure that any pesticide residues in foods remain at safe levels. During FY 2014, EPA received PDP data for more than 450 pesticides, including metabolites/breakdown products, for use in dietary risk assessments. Annually, PDP provides EPA a disc holding all PDP calendar-year databases along with customized search software that allows the EPA staff to query the databases for selected commodity/pesticide pairs and generate formatted reports and datasets. PDP residue data for Organophosphate (OP) pesticides across all survey years were specifically provided to EPA to support a review of cancelled OP chemical registrations to ensure that OP pesticide usage has declined.

PDP provides data to FDA on presumptive tolerance violations via standardized monthly reports. FDA uses these data to assist in guiding its regulatory sampling and testing program. The latest PDP residue data for green beans were provided to FDA to support the review of a withdrawn chemical registration. PDP residue data for catfish and salmon were provided to support a study of chemical contaminants and pesticides in seafood.

In return, EPA and FDA provide information to AMS PDP on pesticide usage in other countries, particularly where there is a significant import component for a given crop. PDP uses this information to publish data on pesticides applied in other countries.

These pesticides may not necessarily have a U.S. tolerance, and therefore would not normally be included in the PDP testing profile.

PDP exchanges methodology and technical information with FSIS to support the expansion of testing profiles to include new chemistries not previously tested by FSIS.

Mr. Aderholt: Please provide a table that shows spending, by agency, for pesticide use and data collection and analysis to include fiscal year 2014 actuals and fiscal years 2015 and 2016 estimates.

Response: AMS' Pesticide Data Program (PDP) conducts pesticide data collection and analysis through agreements with States and other USDA agencies. The details on spending are provided for the record.

[The information follows:]

Pesticide Data Program Obligations (Dollars in Thousands)			
Partners	FY 2014 Actual	FY 2015 Estimate	FY 2016 Estimate
States <sup>1/</sup>	\$11,002	\$11,249	\$11,429
AMS	3,919	3,538	3,386
AMS/NSL	396	198	200
NASS	30	35	35
<b>Total</b>	<b>\$15,347</b>	<b>\$15,020</b>	<b>\$15,050</b>

<sup>1/</sup> Total funding for states participating in the Pesticide Data Program.

#### National Organic Program

Mr. Aderholt: How many certifying agents have been accredited in the organic program to date? What is the estimated percentage of the organic industry with accreditation? Of the total number accredited, how many have been evaluated on-site?

Response: There are currently 80 certifying agents accredited under the Agricultural Marketing Service's National Organic Program (NOP). Since the organic regulations require that certifying agents overseeing certified organic operations and products be accredited, 100 percent of certifiers identifying products as USDA organic are accredited. The accreditation process ensures that all certified organic producers and handlers operate in accordance with the USDA organic regulations. Certified organic farms, ranches, and food handlers are inspected at least every year. USDA has conducted in-depth, on-site evaluations on all 80 accredited certifying agents; these evaluations are repeated approximately every 2.5 years, at the midpoint and at the renewal point of the five-year accreditation term.

Mr. Aderholt: Please update the table that appears in last year's hearing record showing how much has been spent by year for the Organic Certification Program, along with a brief description of the purpose.

Response: The information is submitted for the record.

[The information follows:]

Organic Certification Program Activity	Year	Funding (\$ in Millions)
The Department allocated \$120,000 for National Organic Standards Board (NOSB) activities, funding three NOSB meetings and eleven NOSB subcommittee meetings. AMS continued to provide communication to the organic community and encouraged them to work with the NOSB to assist the program.	1992	\$0.12
The Department allocated \$45,646 for NOSB activities, including three NOSB meetings. AMS continued to serve as liaison with other agencies and the organic community.	1993	0.05
AMS received \$500,000 in Marketing Services for the National Organic Program (NOP) to arrange meetings, prepare public notices of the meetings, prepare minutes, and help private certifiers develop and submit technical dossiers. We arranged and conducted livestock hearings across the country, issued contracts to technical advisers to coordinate the materials review process, participated in international standards development at Codex meetings, and coordinated with other agencies and Departments on program activities related to their missions.	1994	0.50
AMS drafted regulations, communicated with the organic community on issues and concerns, provided mailings on USDA recommendations, and participated in development of international guidelines development under Codex. Coordinated and implemented the required Technical Advisory Panel reviews of substances under consideration for the National List of Allowed and Prohibited Substances. The Department allocated \$40,000 for NOSB activities from the Department's advisory committee account for two Board meetings.	1995	0.54
AMS drafted regulations based on NOSB recommendations for the program. Participated in a Codex meeting to develop international guidelines for organic production and processing, continued to provide support for the NOSB, and discussed the proposed organic rule with other agencies that may be affected, such as the Environmental Protection Agency and the Food and Drug Administration. The Department allocated \$33,000 for NOSB activities from for one Board meeting.	1996	0.53

Organic Certification Program Activity	Year	Funding (\$ in Millions)
AMS-NOP continued drafting the proposed rule for publication and public comment. No additional funds were available from the Department's advisory committee account.	1997	0.50
The proposed rule was published December 16, 1997. The public comment period was extended to April 30, 1998. NOP supported a meeting of the NOSB in March of 1998 to review the proposed rule.	1998	0.50
Over 275,000 public comments were received on the initial publication of the proposed rule, mostly in opposition. A second public comment period was opened for 45 days to receive input on three issue papers concerning animal confinement, animal medications, and termination of certification. NOP again participated in the Codex Committee on Food Labeling and provided support for two NOSB meetings.	1999	0.92
A re-proposed rule was published on March 7, 2000, with a 90 days public comment period. There were 40,774 public comments received during that period. In addition, NOP held three public meetings on organic seafood production. The program participated in one industry-only meeting sponsored by Alaska governor Tony Knowles and Senator Ted Stevens. NOP participated in the Codex Committee on Food Labeling, Organic Food Working Group in Ottawa, Canada, and supported three NOSB meetings.	2000	1.00
A final rule was published on December 21, 2000; became effective on April 21, 2001; and was fully implemented on October 21, 2002. Again AMS-NOP participated in the Codex Committee on Food Labeling. With additional funding approved, one full-time employee was hired to assist AMS-NOP staff with the accreditation of certifying agents. Initial accreditation began of domestic and foreign certifying agents and policy directives were developed and compiled into program manuals. In addition, there were three NOSB meetings this year.	2001	1.56

Organic Certification Program Activity	Year	Funding (\$ in Millions)
<p>AMS continued the rule implementation process and announced the first group of accredited certifiers on April 21, 2002. Once these State and private certifying agents were accredited, they began inspecting participating producers and handlers to certify compliance with the National Organic Standards. NOP continued to provide staff support for the NOSB which held two meetings this year. NOP staff assisted these Board meetings through the review of substances for addition to the National List and publication of proposals to amend the National List.</p>	2002	1.60
<p>AMS continued the implementation of the organic regulations including onsite evaluations of accredited certifying agents; developing organic standards equivalency Agreements with foreign governments; enforcement of the National Organic Standards; completion of guidance documents to clarify existing standards; consultations with industries on additional production and handling standards; identifying issues and developing curricula for regional training for accredited certifying agents; and the development of consumer information. NOP continued to provide staff support for the NOSB which held two meetings.</p>	2003	1.52
<p>AMS continued the accreditation process, including onsite evaluations of certifying agents to examine their operations and to verify compliance with the National Organic Standards. FY 2004 activities also included the accreditation of additional applicants; development of organic standards equivalency agreements with foreign governments; enforcement of the National Organic Standards; development of guidance documents and rulemaking to clarify existing standards; continued development of production and handling standards; continued training for accredited certifying agents; and staff support for the NOSB which held two meetings. AMS used funding increase to hire additional staff, increase support activities for the NOSB and finance peer reviews and Technical Advisory Panel reviews of petitioned materials.</p>	2004	1.97

Organic Certification Program Activity	Year	Funding (\$ in Millions)
AMS administration of NOP including onsite evaluations of accredited certifying agents, accreditation of additional applicants; development of organic standards, equivalency agreements with foreign governments; enforcement of the National Organic Standards; development of guidance documents to clarify existing standards; establishing task forces on specific topic areas; and conducting training sessions for certifying agents. NOP continued to provide staff support for the NOSB which held three meetings during fiscal year 2005.	2005	1.98
FY 2006 activities included the accreditation of additional applicants; continued development of organic standards equivalency/recognition agreements with foreign governments; enforcement of the National Organic Standards; development of guidance documents and possible rulemaking to clarify existing standards; continued cooperation in the development of production and handling standards for aquatic species; regional training for accredited certifying agents; and development of consumer information. The NOP continued to provide staff support for the NOSB which held two meetings.	2006	1.99
FY 2007 activities included the accreditation of additional applicants upon completion of accreditation requirements; continued development of organic standards; development of additional recognition agreements with foreign governments; enforcement of the National Organic Standards; development of guidance documents and rulemaking to clarify existing standards; continued cooperation in the development of production and handling standards for aquatic species and pet food; regional training for accredited certifying agents; and development of consumer information. The NOP continued to provide staff support for the NOSB which held two meetings.	2007	2.00

Organic Certification Program Activity	Year	Funding (\$ in Millions)
<p>AMS continued NOP administration, including conducting an ongoing series of onsite evaluations of accredited certifying agents. Additional activities included: accreditation of additional applicants; continued development of organic standards; development of additional recognition agreements with foreign governments; enforcement of the National Organic Standards; development of guidance documents and rulemaking to clarify existing standards; continued cooperation in the development of production and handling standards for aquatic species and pet food; training for accredited certifying agents; and development of consumer information. The NOP provided staff support for the NOSB which held one meeting along with an aquaculture symposium in November 2007 and conducted another board meeting in May 2008.</p>	2008	3.13
<p>AMS conducted a series of onsite evaluations of accredited certifying agents; accredited additional applicants; continued development of organic standards; development of additional recognition agreements with foreign governments; enforced the National Organic Standards; developed guidance documents and rulemaking to clarify existing standards; continued cooperation in the development of production and handling standards for aquatic species and pet food; conducted training for accredited certifying agents; and development of consumer information. The NOP provided staff support for the NOSB which held two meetings.</p>	2009	3.88
<p>In FY 2010, AMS received a \$3.1 million increase for the NOP which was used, in part, to hire 14 new staff to carry out the enforcement and administration needs of the program. NOP issued new operating procedures designed to increase the effectiveness of enforcing organic standards; increased the use of civil penalties, issuing eight civil penalties (more than all of the civil penalties issued during the first seven years of the program) and closed 123 complaint cases. The program conducted several international compliance assessments and audits, and published a Program Handbook, which provides those who own, manage, or certify organic operations with guidance and instructions to support regulatory compliance.</p>	2010	6.97

Organic Certification Program Activity	Year	Funding (\$ in Millions)
<p>In fiscal year 2011, the NOP continued accreditation, standards development and compliance and enforcement activities. This included new rulemaking related to the National List, new draft and final guidance documents for the NOP Program Handbook, ongoing accreditation activities, assessments related to international agreements, support for two NOSB meetings, and compliance and enforcement activities. The NOP received and began investigative activities on 181 complaints, representing a 15 percent increase from 2010. The NOP completed 128 complaint investigations, issued ten civil penalties for willful violations of the NOP regulations. The NOP also improved outreach, communication, and provided an on-line list of organic operations. The NOP Appeals team implemented process improvements that led to a reduced average appeal decision time from 709 to 416 days.</p>	2011	6.91
<p>In FY 2012, the NOP continued its standards development activities, accreditation program, and compliance and enforcement activities. The NOP released several rules and guidance documents; conducted audits of USDA-accredited certifying agents, including 45 accreditation renewal audits, three midterm audits, two initial audits, three surveillance audits, and a recognition assessment audit; supported the launch of the U.S.-European organic equivalency agreement; and issued nine civil penalties totaling more than \$120,000 through settlement agreements for willful violations of the USDA organic regulations. The NOP also supported two NOSB meetings.</p>	2012	6.92
<p>In FY 2013, NOP continued to administer the USDA organic regulations, including developing and releasing multiple rules, instructions, and guidance documents; managing the National List petition and evaluation process; overseeing accredited certify agents; conducting compliance and enforcement activities; supporting the NOSB meetings; conducting training programs with both certifiers and auditors. The NOP also manages the NOP appeals process and engages in a variety of communication and outreach activities to describe organic certification and educate stakeholders on the standards.</p>	2013	6.53

Organic Certification Program Activity	Year	Funding (\$ in Millions)
<p>In FY 2014, NOP continued to clarify the USDA organic regulations, including maintaining the National List of Allowed and Prohibited Substances and releasing new Instructions and policy documents to support certification; auditing, overseeing, and training accredited certify agents; conducting compliance and enforcement activities; managing the appeals process; supporting the NOSB meetings; and continuing education and outreach. This year, with additional funding, the NOP placed particular focus on implementing its Sound and Sensible Initiative to help make organic certification more affordable, attainable, and accessible to farms and businesses wanting to pursue the organic option.</p>	2014	9.03
<p>In FY 2015 to date, NOP has continued publishing instructions, rules, and policies that implement NOSB recommendations and clarify the USDA organic regulations; auditing, overseeing, and training accredited certify agents; conducting compliance and enforcement activities; managing the appeals process; supporting NOSB activities and meetings; and continuing education and outreach. This year, the NOP is continuing its focus on Sound and Sensible certification, and continues to oversee the growing number of international equivalency agreements. Increased staff are supporting these accreditation and international activities, as well as enforcement.</p>	2015	9.02

Mr. Aderholt: How much do you plan to spend in the current year on organic certification implementation and for what purpose?

Response: For fiscal year 2015, \$9.149 million and 43 FTEs have been budgeted for the Agricultural Marketing Service's (AMS) National Organic Program (NOP). This funding supports organic accreditation and certification oversight, standards development, and international activities (including equivalency agreement establishment and oversight), compliance and enforcement activities, appeals administration, training and outreach, and support of the National Organic Standards Board. These activities ensure that certifying agents and certified operations clearly understand requirements and consistently implement the organic standards with high levels of quality and integrity. These funds support NOP oversight of a steadily growing organic industry, as well as the agency's implementation of the Sound and Sensible initiative to make organic certification more accessible, attainable, and affordable for farms and businesses. Particular focus is being given to accreditation oversight and compliance, international equivalency projects, and enforcement activities.

Mr. Aderholt: Provide a table showing the resources, both dollars and staff, which have been expended on the Organic Certification Program since its inception, including fiscal year 2015 and 2016 estimates.

Response: The information is submitted for the record.

[The information follows:]

Organic Regulatory and Certification Activities  
(Dollars in Millions)

Fiscal Year	Staff Years	Funding
1992	2	\$0.12
1993	2	0.05
1994	5	0.50
1995	7	0.54
1996	7	0.53
1997	7	0.50
1998	14	0.50
1999	15	0.92
2000	11	1.00
2001	15	1.56
2002	11	1.60
2003	13	1.52
2004	13	1.97
2005	11	1.98
2006	13	1.99
2007	13	2.00
2008	14	3.13
2009	19	3.88
2010	28	6.97
2011	32	6.91
2012	33	6.92
2013	33	6.53
2014	35	9.03
2015	43	9.02
2016 (Est.)	43	9.09

Mr. Aderholt: Please provide an update on USDA's progress in establishing equivalency agreements for organic processed products with other countries, listing each country requesting equivalency consideration. How is AMS enforcing these agreements to ensure both domestic and international growers and processors adhere to the agreed upon organic standards?

Response: USDA has established international organic equivalency agreements with Canada (2009), the European Union (2012), Japan (2014), and Korea (2014). The USDA is scheduled to finalize an equivalency arrangement with Switzerland in July 2015. USDA is actively engaged in

equivalency discussions with Mexico and is exploring opportunities with New Zealand, Taiwan, and Peru. USDA has received requests for equivalency consideration from Costa Rica, Thailand, and Israel, and is considering these requests.

These agreements streamline certification requirements, and the existing agreements provide U.S. businesses with access to a combined market worth over \$60 billion. The Agricultural Marketing Service's National Organic Program (NOP) ensures that both domestic and international growers adhere to the agreed upon organic standards. Internationally, the NOP conducts on-site peer reviews of equivalency countries/regions every two years. Foreign authorities also conduct peer reviews of the USDA. Domestically, the NOP conducts on-site audits of accredited certifying agents no less than every 2.5 years. During audits, the NOP confirms that accredited certifying agents are following the requirements set by our various equivalence arrangements. In turn, accredited certifying agents ensure that growers and processors adhere to the requirements of the equivalence arrangements.

Mr. Aderholt: Please provide recent history of the growth in the number and types of organic products in the marketplace.

Response: At the end of calendar year 2014, there were 19,474 certified organic producers in the United States and 27,814 certified organic operations around the world. This reflects a five percent growth in the number of U.S. certified organic operations over the previous year. Since the count began in 2002, the number of domestic organic operations has increased by over 250 percent. According to industry statistics, sales of organic products in the United States reached approximately \$39 billion in 2014, up from \$35.1 billion in 2013 and \$31.5 billion in 2012.

The current USDA standards recognize four categories of organic production: crops, livestock, wild crops, and processed/multi-ingredient products. Products within these categories may be certified as organic by accredited certifying agents; USDA does not track product-level trends.

Mr. Aderholt: Please provide the Subcommittee with an explanation as to the benefits of organic products in comparison with conventional and genetically engineered organisms.

Response: As U.S. farmers continue to meet the changing and growing demands of consumers worldwide, USDA is committed to supporting and respecting different types of agriculture, including conventional, genetically engineered, and organic practices. USDA does not believe one type of production method is best; nor does it believe that one type of crop offers more benefits than others. USDA does believe, though, that the markets for all types of crops are expanding, and it will take all three sectors to meet the growing global demand and consumer desires.

The USDA organic seal indicates that a food item or other agricultural product has been produced and handled according to USDA organic standards. These standards require the use of cultural,

biological, and mechanical practices that support the cycling of on-farm resources, promote ecological balance, and conserve biodiversity. This means that organic operations must maintain or enhance soil and water quality, while also conserving wetlands, woodlands, and wildlife.

Produce can be called organic if it is certified to have grown on soil that had no prohibited substances applied for three years prior to harvest. Prohibited substances include most synthetic fertilizers and pesticides. For organic meat, regulations require that animals are raised in living conditions that accommodate their natural behaviors, fed 100% organic feed and forage, and not administered antibiotics or hormones. When it comes to processed, multi-ingredient foods, the USDA organic standards prohibit organically processed foods from containing artificial preservatives, colors, or flavors and require that their ingredients are organic, with some minor exceptions. Organic food may not be grown or handled using genetically modified organisms.

Market News Service

Mr. Aderholt: Under Market News Services, how much did AMS spend for mandatory price reporting in FY 2013 and FY 2014 and how much does the Agency plan to spend in FY 2015 and FY 2016?

Response: The information is submitted for the record.

[The information follows:]

Agricultural Marketing Service Market News Mandatory Reporting (Dollars in Thousands)			
Fiscal Year	Livestock Mandatory	Dairy Mandatory	Total Mandatory Market News <sup>1/</sup>
2013	\$5,923	\$556	\$6,479
2014	5,543	561	6,104
2015 Estimate	5,690	595	6,285
2016 Estimate	5,720	614	6,334

<sup>1/</sup> Funding for mandatory price reporting is included in the total Market News budget. Expenditures include dedicated reporting activities and reporting system costs.

Mr. Aderholt: Did AMS eliminate or consolidate any market news reports in fiscal year 2013 or 2014, or does the agency plan to do so in fiscal year 2015 or fiscal year 2016?

Response: AMS Market News provides current, unbiased information on supply, demand, prices, movement, location, quality, condition, and

other market data. AMS continually adapts its market news reports to better meet stakeholder needs, including by adding new reports, consolidating duplicative reports, and improving the online market news interface. In FY 2013 and FY 2014, Livestock, Poultry, and Grain Market News (LPGMN) eliminated approximately 25 individual reports. Most of these reports were redundant or underutilized; several reports were discontinued due to the closure of the auction markets covered. In almost all cases, the information contained in those reports is still being captured and is still available to users via the AMS Market News Portal database. Also, in FY 2014, AMS plans to eliminate or consolidate an estimated 30 more LPGMN reports and one Dairy Market News Report. The majority of these reports will be consolidated into national or regional summary reports, eliminating any redundant individual reports.

In FY 2013, Fruit and Vegetable Market News eliminated 7 reports.

In FY 2015, Fruit and Vegetable Market News consolidated two reports into one report with the merger of pear reporting from the Sacramento/San Joaquin Valley districts combined with the Lake county/Mendocino districts into the Northern California district, including the San Joaquin Valley.

No reports are currently planned for consolidation or elimination in FY 2016.

#### Section 32

Mr. Aderholt: Please provide a ten-year table, including fiscal year 2014, showing Section 32 end-of-year unobligated balances. Beginning with fiscal year 2010, please provide the amount of funds above the Section 32 authority that were transferred to FNS.

Response: The information is submitted for the record.

[The information follows:]

Section 32 Commodity Purchases End-of-Year Unobligated Balances (Dollars in Thousands)	
Fiscal Year	Unobligated Balances
2005	\$286,160
2006	146,760
2007	500,000
2008 <sup>1/</sup>	293,530
2009 <sup>2/</sup>	375,374
2010 <sup>3/</sup>	0

Section 32 Commodity Purchases End-of-Year Unobligated Balances (Dollars in Thousands)	
2011	0
2012	0
2013	0
2014	0

1/ The 2008 Farm Bill (P.L. 110-246, Section 4222) required that all unobligated balances be transferred to the Food and Nutrition Service (FNS), effective FY 2009.

2/ The FY 2010 Appropriations Bill (P.L. 111-80) required a portion of this balance be transferred to FNS and the remaining amount was to be rescinded (Section 721).

3/ Beginning in FY 2010, this program no longer reports unobligated balances at the end of the fiscal year since all funds above the Section 32 authority are transferred to FNS the following fiscal year.

Funds above Section 32 Authority that were transferred to FNS (Dollars in Thousands)	
Fiscal Year	Transferred Balances
2010	\$6,747,877
2011	5,277,574
2012	6,749,901
2013	7,697,031
2014	8,011,569
2015	8,355,671

Mr. Aderholt: Please provide a ten-year table, including projected fiscal year 2015 and 2016, that shows total obligations for Section 32 purchases, and obligations that were incurred in September of each fiscal year for those ten years.

Response: The information is submitted for the record.

[The information follows:]

Section 32 Obligations (Dollars in Thousands)		
Fiscal Year	Total Purchases	
	Annual Obligations	September Obligations
2006	\$630,802	\$144,273
2007	721,752	53,271
2008	699,369	95,549
2009	906,812	90,823
2010	939,658	201,323
2011	679,396	326,256
2012	796,811	269,305
2013	718,027	120,218
2014	733,440	126,533
2015 Estimate <sup>1/</sup>	851,604	208,727
2016 Estimate <sup>1/</sup>	777,692	210,208

<sup>1/</sup> Section 32 September purchases are estimated for FY 2015 and FY 2016 based on a five year average since purchasing decisions are dependent on market conditions which we are unable to predict. The annual purchase estimates do not include funds set aside for the removal of defective commodities, State Option Contracts, or disaster assistance. Note also that National School Lunch Program purchases support the operational schedule of the Nation's public school system.

Mr. Aderholt: How much did AMS spend in fiscal years 2008 through 2014 on removal of defective commodities? How much do AMS plan to spend on this effort in FY 2015 and 2016? Have any of these funds been obligated in fiscal year 2015 to date? Please include the definition of defective commodity and explain what AMS does with those commodities after they are removed.

Response: A defective commodity is defined as any commodity purchased for distribution under the various domestic nutrition assistance programs that the Secretary determines poses a health or safety risk. After a commodity has been removed for health or safety reasons, it is disposed of according to the type of commodity involved. For example, in fiscal year 2013, AMS spent \$145,000 for the removal and destruction of peanut butter products that had the potential to be contaminated with *Salmonella*.

AMS uses Section 32 funds for the removal of all defective commodities delivered through USDA domestic nutrition assistance programs. At the beginning of each year, the Secretary authorizes \$2,500,000 for the removal of defective commodities, which is reserved

in the event AMS has to respond quickly to a public health risk. Through March 3, 2015, no funds have been obligated for this activity and none are expected to be obligated in FY 2016.

[The information follows:]

Section 32 Defective Commodities (Dollars in Thousands)	
Fiscal Year	Amount
2008	\$49,914
2009	29
2010	-
2011	-
2012	-
2013	145
2014	-
2015 Estimate	2,500
2016 Estimate	2,500

Mr. Aderholt: How much did AMS spend in fiscal years 2008 through fiscal year 2015 to date on directed purchases, emergency surplus removal, direct payment program, and diversion payment program? Please provide a breakout of these obligations by each of these categories and by commodity. How much does the Department expect to spend in all of these categories by the end of fiscal year 2015?

Response: AMS did not have any directed purchases or diversion payment programs in fiscal years 2008 through 2015 to date.

Emergency surplus removal activity is often seasonal in nature due to crops and environmental impacts. It is difficult to predict the need that will arise in a current year. See the table below for specific emergency surplus removal purchases. Direct payments to producers to restore purchasing power were made in fiscal years 2009, 2010, and 2011. Details are provided in the table below.

[The information follows:]

Emergency Surplus Removal (Dollars in Millions)									
Commodity	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 (Thru March 3)	
Apple Products	-	\$13.9	\$49.7	-	-	-	\$19.9	-	
Apricots	\$5.2	-	-	-	-	-	-	-	
Beans	-	24.9	-	-	-	-	-	-	
Beef	-	-	37.4	-	-	-	-	-	
Blueberries	-	11.0	7.0	-	-	\$30.6	24.0	-	
Carrots	-	-	-	-	-	-	-	\$3.5	
Catfish	-	5.0	8.3	-	\$9.9	9.9	-	-	
Cherries	11.2	-	33.1	-	-	-	21.8	40.0	
Chicken	-	46.4	13.6	\$39.9	50.0	50.0	24.0	-	
Cranberries	-	-	17.9	-	-	5.0	27.3	55.0	
Dates	-	-	2.7	-	-	-	-	-	
Figs	-	-	5.0	-	-	-	-	-	
Grape Products (incl. raisins)	-	-	-	-	-	-	68.0	-	
Grapefruit Products	11.0	-	-	-	-	3.8	9.5	10.0	
Lamb	0.6	3.3	1.9	-	11.8	5.0	-	-	
Orange Juice	-	29.5	-	-	-	-	29.1	-	
Peaches & Mixed Fruits	-	-	30.9	11.3	-	-	-	-	
Pears	3.8	-	7.8	-	-	-	-	-	
Plums	-	-	10.8	4.9	-	-	-	-	
Pork	17.9	96.5	36.7	-	100.0	-	-	-	
Potatoes (incl. sweet)	-	-	25.3	-	-	25.0	7.0	-	
Salmon	-	-	-	-	-	-	32.9	-	

Emergency Surplus Removal (Dollars in Millions)							
Strawberries	-	-	7.0	-	-	2.0	-
Tomatoes	3.9	2.7	5.8	-	-	3.5	4.9
Turkey	-	58.6	-	-	-	65.0	-
Walnuts	-	27.7	-	-	-	-	-
Total	53.6	319.5	300.9	56.1	171.7	199.8	268.4
							108.5

Direct Payment Program* (Dollars in Thousands)				
Description	FY 2009	FY 2010	FY 2011	FY 2011
Producers in North Dakota as a result of flooding that ravaged the region	\$750	-	-	-
Support to South Dakota's Cheyenne River and Standing Rock Sioux Tribes as a result of severe winter weather conditions	-	\$3,375	-	-
Poultry producers in Arkansas who suffered losses in December 2008	-	60,000	-	-
Farm-raised aquaculture producers in Arkansas during calendar year 2009	-	20,000	-	-
Support to producers of upland cotton, rice, soybeans, and sweet potatoes who suffered losses during the 2009 crop year	-	-	-	\$268,000

\* No direct payments were made in FY 2008, FY 2012, FY 2013 or FY 2014 and none will be made in FY 2015.

Mr. Aderholt: Please provide a table showing the amounts expended for Emergency Surplus Removal and Disaster Relief for fiscal years 2008 through 2015 to date. Add a similar table showing the amounts expended from Section 32 to restore producer purchasing power.

Response: The information is submitted for the record.

[The information follows:]

Selected Section 32 Activities (Dollars in Millions)								
Description	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 Est
Emergency Surplus Removal	\$53.6	\$319.5	\$300.9	\$56.1	\$171.7	\$199.8	\$268.4	\$108.5
Disaster Relief	1.7	-	.3	4.3	.4	4.0	.04	5.0
Restore Producer Purchasing Power	-	.7	83.4	268.0	-	-	-	-

Mr. Aderholt: The Secretary has the authority to use section 32 funds to remove surplus commodities from the market and bolster producer prices. Provide a list of each time the Secretary used this authority and the amount used for fiscal years 2008 through 2014, and to date in fiscal year 2015. Please describe the procedure by which USDA determines that a surplus exists in the marketplace.

Response: The information is submitted for the record.

[The information follows:]



Emergency Surplus Removal (Dollars in Millions)									
Commodity	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 (Thru March 3)	
Beef	-	-	37.4	-	-	-	-	-	
Catfish	-	5.0	8.3	-	\$9.9	9.9	-	-	
Lamb	0.6	3.3	1.9	-	11.8	5.0	-	-	
Pork	17.9	96.5	36.7	-	100.0	-	-	-	
Salmon	-	-	-	-	-	-	32.9	-	
Subtotal, Livestock & Seed	18.5	104.8	84.3	-	121.7	14.9	32.9	-	
Chicken	-	46.4	13.6	39.9	50.0	50.0	-	-	
Turkey	-	58.6	-	-	-	65.0	24.0	-	
Subtotal, Poultry Products	-	105.0	13.6	39.9	50.0	115.0	24.0	-	
Total, Surplus Removal	53.6	319.5	300.9	56.1	171.7	199.8	268.4	108.5	

## DETERMINATION OF AGRICULTURAL COMMODITY SURPLUS

Mr. Aderholt: USDA constantly evaluates individual commodity markets for cyclic downturns in prices and negative returns to producers that jeopardize the long term viability of the Nation's production capacity. Agricultural production varies from year to year. Weather, growing conditions, and cyclical production patterns contribute to variations in supply. USDA conducts emergency surplus removal of commodities, also known as bonus commodity purchases, to help stabilize prices in agricultural commodity markets.

Decisions on whether or not to support a particular market through Section 32 purchases are based on an objective analysis of market factors. To determine the need for a specific surplus commodity purchase, AMS conducts an economic assessment of commodity market conditions. Demand factors such as domestic consumption and exports are examined in relationship to supply factors such as domestic production, imports, and inventories. Prices paid to producers relative to the cost of production also play an important role in determining whether the industry is in a state of excess supply. Recommendations for a surplus commodity purchase generally address current market conditions that can be improved in the short term by that purchase.

Provide a table showing the details of the administrative expenses account to include fiscal years 2009 through estimated 2015.

Response: The information is submitted for the record.

[The information follows:]

Section 32 Administrative Obligations (Dollars in Thousands)							
Activity	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 Estimate
Commodity Purchase Services	\$31,092	\$22,276	\$33,538	\$27,151	\$27,593	\$33,438	\$34,710
Marketing Agreements and Orders	17,124	19,802	19,279	19,849	17,865	18,994	20,186
Total	48,216	42,078	52,817	47,000	45,458	52,432	54,896

## Research and Promotion Programs

Mr. Aderholt: Please provide a status of AMS' actions as it relates to any OIG reports covering research and promotion reports in fiscal years 2014 and fiscal year 2015 to date. List all recommendations and a status of the recommendation.

Response: AMS did not have any OIG reports or recommendations covering research and promotion in fiscal years 2014 or 2015 to date.

Mr. Aderholt: Provide a list of all research and promotion programs that receive funding from FAS, including how much each receives, for fiscal years 2013 and 2014 and estimated for 2015.

Response: The information is provided for the record.

[The information follows:]

Research & Promotion FAS Funding - Market Access Program (Dollars in Thousands)			
Commodity Board	FY 2013*	FY 2014	FY 2015 Est.
Blueberry Board	\$150	\$398	\$528
National Watermelon Board	299	298	283
Popcorn Board	397	447	400
National Potato Promotion Board	7,143	6,700	6,250

\* The difference in what was reported last fiscal year represents an audit amount that was awarded. The audits are not in sync with the Federal fiscal year.

#### Research and Promotion Programs

Mr. Aderholt: Were any new research and promotion programs added in fiscal year 2013 and 2014? Does the Agency expect to add any in fiscal year 2015 or 2016?

Response: Yes. In fiscal year 2014, the Paper and Paper-Based Packaging Promotion, Research and Information and the Christmas Tree Promotion, Research, and Information programs were implemented.

In 2015, AMS received a proposal from an organic industry organization to establish a new research and promotion program for organic products. It is possible that this program could be implemented in 2016. Additionally, a supplemental notice of proposed rulemaking for the proposed Hardwood Lumber and Hardwood Plywood Promotion, Research and Information Order is anticipated to be published soon to determine if the industry is still interested in a research and promotion program for 2016.

#### Research Cooperative Agreements

Mr. Aderholt: Provide a table that displays research cooperative agreements for FYs 2009 through 2015 to date.

Response: Through the Transportation and Market Development Program, AMS enters into cooperative agreements that support applied research on marketing issues. Below is a listing of the agreements for fiscal years 2009 through 2015 to date (March 3<sup>rd</sup> 2015).

[The information follows:]

<b>Fiscal Year 2009 Research Cooperative Agreements</b>			
<b>Agreement Number</b>	<b>Cooperator</b>	<b>Project</b>	<b>Amount</b>
A-5068	Upper Great Plains Transportation Institute	Agricultural Transportation Information Center for Research and Policy	\$34,470
A-5069	Agricultural Transportation Research Institute	Agricultural Shippers Workshop and Summary Report	8,900
A-5082	Fundacao de Estudos Agrarios Luiz de Queiroz, University of Sao Paulo, Brazil	Brazil Soybean Transportation Report - 2009	26,000
A-5104	Board of Trustees of the University of Illinois	5 <sup>th</sup> National Small Farm Conference, Springfield, Illinois	10,000
A-5107	Pacific Coast Farmers' Market Association	Target marketing project with Pacific Coast Farmers Market Association	29,500
A-5194	Upper Great Plains Transportation Institute	Agricultural Transportation Information Center for Research and Policy	55,660
A-5195	Michigan State University	The 2010 National Survey of US Farmers Market Managers, Phase I	22,000
A-5197	Agricultural Transportation Research Institute	Agricultural Shippers Workshop and Summary Report	33,000
A-5204	Graham Avenue business Improvement District	Strengthening the Graham Avenue Farmers Market: Increasing Healthy food Access and Enhancing Marketing Opportunity for Farmers Market Vendors	94,000
A-5205	FamilyFarmed.Org	Safeguarding Our Food - Preparing Farmers for Food Safety Audits	10,000
A-5222	Wallace Center at Winrock	Value Chain Research Collaboration Project	11,000
A-5092	Project for Public Space	7 <sup>th</sup> International Public Markets Conference , San Francisco, CA	10,000
<b>Total</b>			<b>\$344,530</b>

<b>Fiscal Year 2010 Research Cooperative Agreements</b>			
<b>Agreement Number</b>	<b>Cooperator</b>	<b>Project</b>	<b>Amount</b>
A-5254	Fundacao de Estudos Agrarios Luiz de Queiroz, University of Sao Paulo, Brazil	Brazil Soybean Report	\$26,000
A-5263 Amend I and Amend II	Michigan State University	National Survey of U.S. Farmers Market Managers Phase II	106,800
A-5268	Agricultural Transportation Research Institute	Agricultural Shippers Workshop and Summary Report	39,000
A-5269	Wallace Center at Winrock	Value Chain Research Phase II	16,000
A-5277	Upper Great Plains Transportation Institute	Agricultural Transportation Information Center for Research and Policy	57,860
A-5355	Texas A&M AgriLife Research	Impacts of Improvements in Brazil's Transportation Infrastructure on the U.S. Cotton Industry	15,500
A-5358	Eastern Market Corporation	Detroit Fresh Food Network: Developing a Model Urban Healthy Food Hub	100,000
A-5388	Wallace Center at Winrock	Regional Food Hub Collaboration	37,400
<b>Total</b>			<b>\$398,560</b>

<b>Fiscal Year 2011 Research Cooperative Agreements</b>			
<b>Agreement Number</b>	<b>Cooperator</b>	<b>Project</b>	<b>Amount</b>
A-5355 Amend 1	Texas A&M AgriLife Research	Impacts of Improvements in Brazil's Transportation Infrastructure on the U.S. Cotton Industry	\$15,500
A-5388	Winrock International Wallace Center	Collaborate on research to understand the scope and scale of food hub operations	37,400
A-5478	Fundacao de Estudos Agrarios Luiz de Queiroz, University of Sao Paulo, Brazil	Brazil Soybean Transportation Report 2011	20,000
A-5480	Upper Great Plains Transportation Institute	Agricultural Transportation Center for Research and Policy	47,800

<b>Fiscal Year 2011 Research Cooperative Agreements</b>			
<b>Agreement Number</b>	<b>Cooperator</b>	<b>Project</b>	<b>Amount</b>
A-5554	Agricultural Transportation Research Institute	Ag Shipper Workshops	37,500
A-5555	Texas A&M AgriLife Research	U.S. Grain and Soybean Exports to Mexico by Final Destination	25,000
A-5563	Soy Transportation Coalition	2012 Agricultural Transportation Conference	25,000
A-5567	Upper Great Plains Transportation Institute	Grain and Oilseed Export Profile	15,000
A-5568	Cornell University	Assessing the economic impact of food hubs	17,000
<b>Total</b>			<b>\$270,200</b>

<b>Fiscal Year 2012 Cooperative Research Agreements</b>			
<b>Agreement Number</b>	<b>Cooperator</b>	<b>Project</b>	<b>Amount</b>
A-5388	Winrock International Wallace Center	Collaborate on research to understand the scope and scale of food hub operations	\$37,400
A-5481	Winrock International Institute for Agricultural Development (Wallace Center)	National Food Hub Phase II	30,000
A-5568 Amend 1	Cornell University	Assessing the economic impact of food hubs	15,000
A-5624	Fundacao de Estudos Agrarios Luiz de Queiroz, University of Sao Paulo, Brazil	Brazil Soybean Transportation Report 2012	20,000
A-5625	Michigan State University	USDA National Farmers Market Directory - 2012 Update	40,500
A-5628	Board of Trustees of Tennessee State University	6 <sup>th</sup> National Small Farms Conference, Memphis, TN	10,000
A-5629	Upper Great Plains Transportation Institute	Agricultural Transportation Information Center for Research and Policy	47,800
A-5631	Project for Public Space	8th International Public Markets Conference, Cleveland, OH	10,000

Fiscal Year 2012 Cooperative Research Agreements			
Agreement Number	Cooperator	Project	Amount
A-5633	Fresh Moves	Facilitating Expanded Food Access and Research Through Mobile Markets	45,000
A-5634	Gorge Grown	Facilitating Expanded Food Access and Research Through Mobile Markets	25,000
A-5636	Agricultural Transportation Research Institute	Ag Shipper Workshops	45,000
A-5637	University of Wisconsin- Madison	Measuring Effects of Mobile Markets on Healthy Food Choices	64,465
A-5639	University of Wisconsin- Madison	Local and Regional Food Supply Chain Match Making Event	45,000
A-5640	Kansas State University	U.S.-South America Ocean Grain Freight Spreads	20,000
A-5641	Michigan State University	USDA 's National Farmers Market Directory -- 2013 Continuous Update Form	131,000
A-5660	University of Kentucky Research Foundation	National Study of Community Supported Agriculture (CSA) Operations	49,840
A-5661	Lehigh University	Impacts of Relationship-Based Online Marketing and Social Media Use on CSA Programs	19,940
A-5662	University of Maryland	Impacts of Relationship-Based Online Marketing and Social Media Use on CSA Programs	39,800
A-5663	Farmers Market Coalition	Assessing the Return on Public Investment in the USDA Farmers Market Promotion Program	20,000
Total			\$715,745

<b>Fiscal Year 2013 Cooperative Research Agreements</b>			
<b>Agreement Number</b>	<b>Cooperator</b>	<b>Project</b>	<b>Amount</b>
A-5629 Amend 1	Upper Great Plains Transportation Institute	Agricultural Transportation Information Center for Research and Policy	\$36,400
A-5708	Fundacao de Estudos Agrarios Luiz de Queiroz, University of Sao Paulo, Brazil	Brazil Soybean Transportation Report 2013	20,000
A-5726	Agricultural Transportation Research Institute	Ag Shipper Workshops and Summary Report	45,000
A-5727	Washington State University, Freight Transportation Policy Institute	Agricultural Transportation Study	65,000
A-5728	Texas A&M AgriLife Research	Estimating Regional Truck Costs of Transporting Grains and Soybeans by Truck in the United States	53,700
A-5732	Arizona Board of Regents	Improving Market Coordination for Native American and Other Specialty Crop Producers Using LocalFresh.info	55,000
A-5730	Michigan State University	2014 USDA National Farmers Market Directory and 2014 National Farmers Market Manager Survey Enhancements and Implementation	89,000
A-5731	Public Health Solutions (School Food Focus)	Expanding Regional Produce Procurement in Detroit Public Schools	40,000
A-5734	Colorado State University	Building a Standardized Evidence-Based Economic Impact Assessment Toolkit for Food System Clusters	99,330
<b>Total</b>			<b>\$503,430</b>

Fiscal Year 2014 Cooperative Research Agreements			
Agreement Number	Cooperator	Project	Amount
14-TMXXX-NC-0014	Winrock International Institute for Ag Development	National Food Hub Conference	\$10,000
14-TMXXX-IL-0015, Amend 1	FamilyFarmed.org	Food Safety for Food Hubs and their Farmers	85,000
14-TMXXX-BZ-0019	Fundacao de Estudos Agrarios Luiz de Queiroz, University of Sao Paulo, Brazil	Brazil Soybean Transportation Report	20,000
14-TMXXX-ND-0020	Upper Great Plains Transportation Institute, North Dakota University	Agricultural Transportation Information Center for Research and Policy	43,500
14-TMXXX-TX-0021, Amend 1	Texas A&M Agrilife Extension Service	Estimated Impacts of Mexican Transportation Infrastructure Improvements on U.S. meat and live animal trade	35,000
14-TMXXX-DC-0022	Agriculture Transportation Research Institute	Ag Shipper Workshop & Summary Report	45,000
14-TMXXX-IA-0025	Soy Transportation Coalition	2 <sup>nd</sup> Agricultural Transportation Conference	25,000
14-TMXXX-KS-0026	Kansas State University	Intramodal Railroad Competition Impacts on Railroad Wheat Rates	35,000
14-TMXXX-IA-0028	Indiana State University	Grain Basis Analysis and GTR Indicators	41,363
14-TMXXX-WI-0029	University of Wisconsin- Madison	Regional Food Freight Transportation Study	49,801
14-TMXXX-MN-0030	University of Minnesota	Rail Revenue Adequacy	51,432
14-TMXXX-CT-0077	Wholesome Wave Foundation	Farmers Markets on Military Bases Manual	100,000
14-TMXXX-CA-0031	Sustainable Agriculture & Food System Funders	2015 Sustainable Ag & Food System Funders	20,000
14-TMXXX-NC-0032	Cierra Publishing Company/Minority Landowner Magazine	2015 Minority Landowner 9 <sup>th</sup> Anniversary Conference	2,500
14-TMXXX-WI-0033	University of Wisconsin- Madison	Mobile Markets- Local Ag Products Demand	95,150
Total			\$743,746

Fiscal Year 2015 - As of March 3, 2015 Cooperative Research Agreements			
Agreement Number	Cooperator	Project	Amount
15-TMXXX-MI-0001	Michigan State University	National Local Food Directory Update and Survey	\$58,500
15-TMXXX-BZ-0002	Fundacao de Estudos Agrarios Luiz de Queiroz, University of Sao Paulo, Brazil	Brazil Soybean Transportation Report	25,000
15-TMXXX-ND-0003	North Dakota State University	Agriculture Transportation Information Center for Research and Policy	38,750
15-TMXXX-TN-0004	Tennessee Department of Agriculture	Impact of Inland Waterway Improvement on the Transport of Corn and Soybeans	85,146
15-TMXXX-MN-0005	Hmong National Development Inc.	17 <sup>th</sup> Hmong National Development Conference	5,000
Total			\$212,396

#### Plant Variety Protection Act

Mr. Aderholt: Provide a table for the Plant Variety Protection Act that shows the number of applications received, the number of applications pending action, the number of applications approved, the number of certificates issued, and the number that expired to include fiscal year 2014 and estimates for FY 2015. Also include the average time it takes AMS to approve of an application - from the time of receipt to final approval.

Response: The information is submitted for the record.

[The information follows:]

Plant Variety Protection Performance Measure	FY 2014	FY 2015 Estimate
Applications Received	523	500
Applications Pending Action at Year End	347	350
Applications Approved	818	500
Certificates Issued	1,060	400*
Certificates Expiring	44	102
Average PVP application processing time	2.43 years	1.66 years

\* Note: The significant decrease in certificates issued in FY 2015 is a result of the office reducing inventory to less than 400 applications over the previous 2 years. With the working inventory of applications reduced and office work focused on launching an electronic application (ePVP) system - certificate issuance in FY 2015 will mostly keep pace with the number of applications received.

## Reimbursables

Mr. Aderholt: Please update last year's hearing record to show reimbursements made to the Office of the Chief Information Officer for support in fiscal years 2014 through estimates for fiscal year 2016?

Response: The information is submitted for the record.

[The information follows:]

OCIO (Dollars in Thousands)			
OCIO ACTIVITIES	FY 2014	FY 2015	FY 2016 Estimate
e-Gov Initiatives	\$836	\$616	\$627
Network Services	850	914	931
Telecom Services	544	618	629
Enterprise Data Center Cost Management (NITC)	6,108	4,331	4,409
Total	8,338	6,479	6,596

## Standardization Program Costs

Mr. Aderholt: Please provide a table showing standardization program costs by commodity for fiscal years 2014, 2015, and 2016.

Response: The information is submitted for the record.

[The information follows:]

Standardization Program Costs (Dollars in Thousands)			
Programs	FY 2014	FY 2015 Estimate	FY 2016 Estimate
Cotton and Tobacco	\$1,675	\$1,669	\$1,684
Dairy Products	358	372	375
Fruits and Vegetables	1,370	1,424	1,437
Livestock, Poultry and Seed	1,310	1,361	1,373
Science and Technology	263	250	252
Total	\$4,976	\$5,076	\$5,121

Mr. Aderholt: What steps are being taken to correct and improve management controls, accountability for contaminated products, corrective actions, and sampling procedures concerning AMS' oversight of the commodity purchases? Please address each issue separately.

Response: Foods purchased by the Agricultural Marketing Service (AMS) meet the highest safety and quality standards, as evidenced by our purchase specification data, available through the AMS web site. All suppliers undergo pre-award plant surveys and/or capability assessments conducted by AMS certification agents (Fruit and Vegetable Program's Specialty Crop Inspection Division, or Livestock, Poultry and Seed Program's Quality Assessment Division). These assessments ensure that a prospective contractor's business practices will meet the technical, production, and transportation capabilities, and the quality assurance and production control procedures required by AMS. AMS Commodity Procurement Staff communicate with AMS Program area management on the eligibility status of new and existing suppliers.

Awarded contractors are obligated to meet the requirements set forth in the AMS Master Solicitation for Commodity Procurements, the applicable AMS commodity product specification, and/or the vendor's AMS-approved technical proposal. The AMS Master Solicitation mandates domestic origin traceability systems and food defense plans for all AMS contracted vendors. AMS specifications and technical proposal requirements mandate production/lot coding to facilitate product trace-back and recall; appropriate microbiological testing and reporting; production control measures (e.g. "plan/do, check, act"); processing, storage and transportation of the commodity product.

Contract compliance is further assured through AMS certification agents who monitor production and processing of the product either through continuous supervision or through audit-based verification. Continuous supervision includes online sampling and inspection conducted by the AMS agent for defects in quality and wholesomeness, packaging and packing, and storage.

Product which does not meet the contract requirements is rejected for use in fulfillment of an AMS contract.

Mr. Aderholt: Please provide the Subcommittee with information for fiscal year 2014 regarding schools ordering products containing lean finely textured beef as part of the National School Lunch Program.

Response: In fiscal year 2014, AMS purchased about 1.7 million pounds of products containing lean finely textured beef valued at almost \$4.9 million for distribution to schools out of 89.3 million pounds of beef products valued at \$265.4 million and 1.1 billion pounds of all products valued at \$1 billion.

Mr. Aderholt: Some schools have raised concern about having an adequate supply of food products to fulfill the new requirements for the National School Lunch and Breakfast Programs. In some instances, USDA has delayed or cancelled commodity shipments. AMS procures some of the commodities for schools. What has caused the delays and cancellations? How much notice does the Agency give the States when orders are delayed or cancelled? What options do States and schools have to fill these gaps when USDA commodities are not available?

Response: AMS makes every attempt to purchase products ordered by schools. In some instances, however, there are delays or cancellations to school orders due to supply issues. Last year, supplies of many protein products were tight, resulting in lower quantities available and higher prices. The tighter supplies, especially in the early fall months when school began, caused orders to be delayed to later months when the supply rebounded. Other orders were canceled because the higher prices caused schools to reach their planned assistance levels with lower volumes of shipments. The California fruit industry (peaches, pears, apricots, and strawberries) experienced drought conditions, labor issues, and a movement by farmers to plant nut trees in lieu of fruit trees; and AMS was not able to purchase all of the apricot, peach, pear, and strawberry orders requested, resulting in some cancellations. Delays and cancellations largely are a result of domestic market conditions, including supply, production, and prices.

It is AMS policy to provide States as much notice as possible when orders are delayed or canceled. Typically, AMS solicits for food products at least two months prior to delivery. If insufficient bids are received, AMS notifies the Food and Nutrition Service (FNS), and they collaboratively determine how to proceed, including notifications to States.

States have multiple options to utilize their USDA commodity entitlement when specific USDA commodities are not available. There are nearly 200 food items offered to schools. If specific USDA commodities are not available, States and schools are encouraged to order similar products or any other products that will meet their menu needs from their distributor or other source(s) for products USDA does not purchase such as condiments, specialty items, etc. States and schools also can fill gaps by choosing fresh fruits and vegetables through purchases made by the Department of Defense (DOD Fresh Program).

Mr. Aderholt: Schools participating in the National School Lunch and Breakfast Programs are required to serve more fruits and vegetables.

- a. How has this requirement affected USDA purchases of fruits and vegetables? Please provide a table comparing school years, beginning with SY 2012/13.

Response: In school year (SY) 2013/14, AMS purchased \$66.9 million more fruits and vegetables for schools than in SY 2012/13. The increase from SY 2013/14 to SY 2014/2015 is \$55.8 million, with the school year nearly complete.

[The information follows:]

Fruit and Vegetable Purchases for Schools (Dollars in Millions)		
SY 2012/13	SY 2013/14	SY 2014/15
\$356.3	\$423.2	\$479.0

b. Has AMS seen an increase in demand for these products from schools?

Response: Yes, the demand for SY 2013/14 was approximately 40 percent higher than the previous school year, when the change took place. In SY 2014/15, AMS saw an increase in demand of 13.2 percent over the previous year.

c. Has AMS been able to fulfill all purchase requests for fruits and vegetables?

Response: AMS has been able to fulfill all purchase requests for vegetables and the majority of fruit products. The drought in California, along with labor issues and a movement by farmers to plant nut trees in lieu of fruit trees, continues to play a major role in the peach, pear, apricot, and strawberry supply.

d. If not, how is AMS helping schools obtain more fruits and vegetables? What advice is AMS providing the schools?

Response: AMS representatives met with vendors and growers in California during the fall of 2014 to discuss the commodity program and identify areas for improvement - including different contract methods, timing of purchases, and specification issues. AMS also discussed the changing meal pattern requirements and the effect of increased demand. This enabled AMS to purchase substantially more of the desired peaches, pears, apricots, and strawberries starting with SY 2014/15 delivery, continuing into SY 2015/16 and beyond.

AMS continues to meet with and have dialogue with numerous industry representatives to resolve specific issues such as harvest cycle, timing of orders/purchasing, and product specifications.

AMS has changed to a long-term contracting method for fruits and vegetables to offer flexibility to recipients while still meeting harvest periods of products. AMS has added quarterly purchases of some school products so that schools can order year round and make adjustments to entitlement as necessary, thereby maximizing the quantities purchased for schools.

AMS and the Food and Nutrition Service are working together to conduct the 2014/15 Pilot Project for Procurement of Unprocessed Fruits and Vegetables that will assist schools in receiving more fruits

#### Farmers Market and Local Food Promotion Program

Mr. Aderholt: Please update the Committee on the costs and activities of the farmers Market and Local Food Promotion program.

Response: The 2014 Farm Bill authorized \$30 million per year through FY 2018 for the Farmers Market and Local Food Promotion Program (FMLFPP). The Farmers Market Promotion Program (FMPP) awarded \$14.4 million in grants for farmer-to-consumer direct marketing projects such as farmers markets, community-supported agriculture programs, roadside stands, and agritourism. The Local Food Promotion Program (LFPP)

awarded an additional \$12.7 million to support the promotion of local and regional food business enterprises that serve as intermediaries to process, distribute, aggregate, and/or store locally or regionally produced food products rather than provide products directly to consumers.

In fiscal year 2014, the FMLFPP received 883 applications which included 351 applications for FMPP requesting approximately \$30 million and 332 applications for LFPP requesting almost \$21 million. FMPP awarded 183 grants, while LFPP awarded 191 grants.

FMPP and LFPP intend to announce requests for fiscal year 2015 applications by mid-March 2015, with a due date of May 14, 2015. LFPP and FMPP each have approximately \$13.9 million available for awards. Timely applications which meet the grant requirements will be reviewed and ranked by select peer professionals. Awards will be made in late September 2015.

The table below lists specific awards by state for the 2014 grants.

[The information follows:]

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
AK	The Kenai Soil & Water Conservation District will provide training and peer support to farmers, technical assistance to strengthen and expand farmers markets, and outreach to the public and decision-makers to cultivate community support for local food, forage and fiber producers. It will host workshops for farmers' market vendors to train them on EBT acceptance, food safety, and business practices. It will promote the markets with farm tours, events, and print and social media advertising.	\$86,873
AK	The Petersburg Economic Development Council will improve consumer awareness of local agricultural products, improve and expand its farmers market, and increase local agricultural production. It will relocate the market to a larger venue and improve consumer awareness through print, radio, and mail advertising and promotion by hosting a popular cooking radio show at the market. It will increase consumer attendance at the market by 30 percent, and put on six educational events at the market. It will support the agricultural industry by hosting an educational conference for farmers.	\$26,076
AL	The City of Anniston will develop and establish a year-round farmers market located in a priority project area. FMPP funds will be used for staffing, training, equipment, and supplies to promote the Market and create a self-sustaining operation. Expanded promotion is expected to double the farmer/grower vendor attendance to 50 and double community participation to 500 individuals on average.	\$90,630
AL	Brewton Choo-Choo farmers Market will increase market attendance and sales through direct marketing, and cooking and nutrition education for market attendees. The market manager and staff will attend professional networking and training to improve the self-sustainability of the market. The project will also provide vendor training, including EBT certification.	\$79,332

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
AL	The City of Foley will conduct a marketing campaign and target agritourism to promote its new community market, Coastal Alabama Farmers and Fishermen's Market (CAFFM). The city will also offer GAP certification training and conduct outreach to entice and retain vendors.	\$90,200
AL	The University of West Alabama's Market to Market (M2M): Growing the Rural Marketplace aims to improve the quality of life for residents and sustainability of farmers in two low-income/high-obesity counties in Alabama. M2M will offer vendor training in business, marketing, farm practices, and EBT participation. The M2M project will provide technical assistance, advertisements, and promotions of farmers markets. Vendor revenues are projected to increase by 25 percent; vendor participation will increase by 35 percent; number of patrons is expected to increase by 35 percent; and EBT-patronage is expected to reach at least 200 customers.	\$96,870
AR	Winrock International's Farmers Market Training and Development Program will work directly with two farmers markets, El Dorado farmer's Market and the Hempstead County farmers Market Group, to develop and supply promotional campaigns to raise awareness of markets to increase sales and customers. Winrock will also develop and offer a statewide educational program for market managers and farmers to improve marketability, sales, and loyalty. The educational program will expand 30 markets, increase visitors by 35 percent, increase market sales by 20 percent, train 50 farmers and 20 market managers, and encourage 25 farmers to enter the direct-market arena.	\$99,983

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
AZ	The Ajo Center for Sustainable Agriculture will expand an existing farmers market by providing training and technical assistance to local growers and food producers, and by advertising and outreach to consumers. The project will increase the number of growers, wild food harvesters, and food producers participating in farmers markets and increase the number of consumers shopping at the farmers market. It will create 41 part-time jobs, directly benefit at least 20 growers, 5 wild food harvesters, and 25 value-added food producers, and increase the number of households participating in the market from 6 percent to 30 percent. Outreach and information dissemination will benefit at least an additional 600 regional growers including growers on the Tohono O'odham Indian Nation.	\$96,466
AZ	Hayden Flour Mills at Sossaman Farms will establish an agritourism enterprise at its mill in Queen Creek, AZ, that will include a stone milling operation using traditional methods, crops from recovered heirloom seed, event space, a farmer's market and associated education. The project will increase onsite sales to 10 percent of total sales and attract 15,000 shopper visits with an average transaction value of \$34.	\$43,571
AZ	The Mariposa Community Health Center will increase the number of local food producers who sell at the Nogales Mercado by growing the capacity of a producer/gardener cooperative, "La Mesa Cooperative," to sell products on behalf of local producers; increasing marketing and outreach to attract vendors and customers, especially low-income residents, to the Nogales Mercado; and training local food producers to develop capacity and greater participation as market vendors. It will add 5 producers to the market, double average attendance to 200 customers per week, and train 25 producers in business and marketing practices and farming in the desert.	\$81,873

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
CA	Agricultural Institute of Marin will prepare for a permanent farmers market at the Frank Lloyd Wright Marin Civic Center in San Rafael, CA. It will conduct an economic impact study and environmental impact reviews and create a business plan. The final result will be a direct-to-consumer expanded farmers market and market hall that will allow more than 220 California direct-marketing producers to increase sales and will enable greater access for consumers of all incomes.	\$92,960
CA	The California State University Fresno Foundation will expand three Fresno County farmers markets located in low income and food desert communities and establish three more. It will provide 30 hours of professional development training and technical assistance to farmer's market managers and support staff, and provide 10 technology and marketing strategies workshops to improve the marketing of community supported agriculture.	\$99,010
CA	The City of Fontana will launch the South Fontana Farmers Market with EBT capabilities. It will recruit and train up to 12 vendors, and promote the market with advertising, flyers, postcards, and social media. The market will host 8 events and school demonstrations and expect an attendance of 200 patrons a week. The project will create 13 jobs.	\$77,653
CA	The City of Placentia will develop and promote the year-round Placentia's Farmers Market at the Placentia Town Center, one of the City's highest-trafficked retail centers. The City will provide staff support, marketing, and promotion of the Market; EBT acceptance; and community outreach and education to Placentia residents. The promotional campaign will include signage, advertisements in newspapers and on line, billboards, and six outreach demonstrations. It will also provide free shuttle service for senior citizen and low-income communities. It will create 19 jobs and attract 35 vendors.	\$90,448

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
CA	The City of Redlands will provide staffing, technology, equipment, and educational and promotional enhancements to the City of Redlands' two farmers markets. It will develop a marketing plan to attract new patrons, increase EBT redemption, train vendors and market managers, mount a marketing campaign on print, radio, and social media, develop cooking demonstrations, and provide free transportation to the markets. The project will create two part-time jobs, add five new vendors to the markets, increase vendors sales by 16 percent, increase EBT sales to 18 percent of total sales, increase visitors by 14 percent, and provide transportation to 250 residents.	\$79,056
CA	The Community Alliance with Family Farmers will increase patronage of CSAs in the Sacramento, Santa Clara, and Humboldt regions of California, and expand the use of EBT-SNAP benefits in CSAs. It will help CSAs gain access to group subscriptions at worksites, promote CSAs through the internet and the media, and will research strategies to reduce member turnover. It will increase accessibility for consumers to online information about California CSAs by adding capability to its Web site for finding local CSAs. It will host CSA open houses and tours.	\$88,987

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
CA	The Ecology Center will strengthen the identity and recognition of farmers markets as vital to community well-being, drive shoppers to Certified California Farmers Markets, and make the shopping experience uniformly professional and pleasant so shoppers and growers will return. The project will benefit 827 California farmers markets across the state, serving over 2,200 growers. The Ecology Center's Statewide television, radio, and internet media campaign will reach a minimum of 40 Million viewers/listeners in 15 counties. Its website will help potential customers navigate local farmers markets, days/hours of operation, and benefits accepted. The project will update the California Department of Food and Agriculture's Certified Farmers Market Manager Manual and provides free training to a minimum of 120 farmer's market managers representing approximately 360 markets.	\$97,448
CA	Everyone's Harvest will improve sales at six farmers markets by providing education and technical assistance for 15 farmers, creating new value-added products to extend and improve market sales, and reach out to low-income families receiving food assistance with market promotion and 22 cooking workshops. It will increase marketing knowledge and skills of farmers, establish eight new regionally grown value-added products, and increase farmer's direct sales. The project will result in an increase in farmers market sales by 12 percent, farmers markets' customer base by 25 percent, and EBT transactions conducted at farmers markets by 50 percent. It will reach 25,000 households with market and EBT promotional materials and engage more than 600 low-income people and veterans in workshops.	\$100,000

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
CA	The Fresno County Economic Opportunities Commission will develop a marketing campaign to promote farm-to-table alternatives in Fresno County, including farmers markets, CSAs, and other farm stands. After branding this initiative, it will engage in promotion of markets to the public by developing a centralized brand for Fresno County agricultural products and promoting it with online and print media, existing networks, and the local farm movement. It will retain 75 jobs and create 5 jobs, expand hours and the number of vendors at existing markets, expand markets' consumer base by 10 percent, increase direct farm sales by 10 percent, serve 75 farmer/producer beneficiaries, and increase the number of EBT sales by 10 percent.	\$100,000
CA	Humboldt State University will increase participation in five farmers markets; develop a marketing campaign to increase University support of the markets; provide outreach, training, and technical assistance in best business and agricultural practices and regulatory compliance among local farmers and ranchers; and implement regular gleaning at Wild berries Certified Farmers Market. The project will reach 7,000 consumers with its marketing campaign, recruit at least 5 new vendors for the markets, and increase the sales of vendors by 5 percent.	\$99,946
CA	Jefferson Economic Development Institute will hire a new marketing manager to oversee market expansion and promotional campaigns, technology and financial training to vendors, and outreach to youth, senior, and low-income populations. Increase vendors from 13 to 25 and increase farmer/rancher/producers from 10 to 14 with at least half certified as organic by 2015 and at least 75 percent with an online presence. Grow revenue, customers, and SNAP participation by at least 10 percent from a baseline estimate of: \$120,000 annual gross revenue and 210 shoppers per market day.	\$68,753

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
CA	North Coast Opportunities will broaden the customer base and increase the EBT ability of farmers markets in Mendocino and Lake Counties in California. It will carry out an education and promotional campaign aimed at residents that do not currently shop at farmers markets and low-income residents receiving Federal benefits. It will train farmer's market managers to develop and promote market match programs. The project will result in six new jobs and retain another nine. The average number of customers at farmers markets will increase by 20 percent, sales will increase by 25 percent, and EBT sales will increase by 50 percent.	\$94,448
CA	The Northwest California Resource Conservation & Development Council will revitalize Trinity County's two farmers markets and a CSA by encouraging farmer participation by providing training in business practices and EBT acceptance, promoting the markets to low-income and senior populations, and increasing overall patronage by fostering a vibrant market atmosphere and showing consumers how to prepare food available at the markets and from CSAs. The project will improve food producers' sales two-fold and increase patronage by 70 percent.	\$95,704
CA	Beautiful will develop a new community market/food-exchange mechanism that is culturally relevant to the Pacoima community and its residents. It will implement a monthly pop-up market/food-swap in the community, which will lead to the creation of a community market supplied by local growers and supported by local residents and restaurants. The project team will survey local food production capability and demand, create the pop-up market, and promote the market with door-to-door outreach. It will distribute 2,000 surveys, and recruit and train at least 10 growers to participate.	\$97,779

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
CA	Promotores Unidas para Educacion Nacional de Tecnologias Sostenibles (PUENTES) will expand the appeal and capacity of the Stockton Harvest CSA. PUENTES will mount an advertising campaign, improve infrastructure, raise farm production, add attractive new product lines and high-appeal products, and recruit customers through community partnerships. The project will operate a farm stand to develop wholesale customers. Revenue will jump from about \$4,000 a month to \$20,000. The project will result in growth from the current 60 to 240 CSA monthly subscriptions.	\$62,277
CA	Reach Out West End will develop three community-supported agriculture (CSA) programs in low-income, low-access areas of Inland Southern California in San Bernardino, Muscoy, and Jurupa Valley. It will develop EBT access and train managers in its use; develop marketing, branding, and outreach program for customer recruitment and retention; and put on activities for patrons such as cooking demonstrations and education on the nutritional value of seasonally-available produce. It will also put on conferences and seminars to promote replication and dissemination of its CSA model.	\$50,001
CA	Special Service for Groups, through its Asian & Pacific Islander Obesity Prevention Alliance division, will expand the Roots Community Supported Agricultural (CSA) Program from 2 to 6 farms and expand the number of subscribers from 80 to 120. It will increase business opportunities for at least four local farms run by Asian immigrant families. Farmers will receive training on business plan development and implementation. It will increase the supply of fresh produce available to CSA sites by 200 percent, expand the number of CSA sites from 3 to 8 sites, and increase CSA sales by 50 percent.	\$100,000

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
CA	The Thai Community Development Center will expand and improve the existing East Hollywood Certified Farmers Market. It will implement quarterly outreach campaigns to increase awareness of the Women, Infants and Children Farmers Market Nutritional Program, Senior Farmers Market Nutritional Program and Supplemental Nutrition Assistance Program benefits to at least 3,000 people per outreach campaign. It will launch a multi-media campaign and host entertainment and other events to increase awareness of the market in the East Hollywood community, increasing the number of attendees to 600 per market day. It will also offer free small business training to vendors.	\$94,681
CA	The CSU Chico Research Foundation will arrange for farm stands to be placed on school grounds in Colusa County, CA. Produce, cooking demonstrations, and tastings will be accessible to students, families, school staff, and community members. Over 500 students, families, school staff and community members, will benefit from having access to the 4+ local producers, 32 farm stand market opportunities, and various produce tastings, and cooking demonstrations.	\$99,994
CO	Revision International and the Westwood Food Cooperative will expand their existing Community Supported Agriculture (CSA) model to include a Local Food Buying Club (Buying Club) and a Fresh Food Delivery Service (Delivery Service). This will expand the consumer base and direct-to-consumer options, and yield an estimated total of 9,820 consumer transactions from an estimated 80 CSA customers, 90 Buying club customers, and 200 delivery service customers by 2016. It is anticipated that these increased transaction will increase sales from \$21,000 in just CSA sales to \$187,600 in combined CSA, buying club, and delivery sales. The project will support 13 jobs and enlist participation from 5 local farms.	\$99,726

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
CO	San Miguel County will provide updated and enhanced market promotions, including print based, tech-web based, and signage promotions in addition to some equipment needs for its three existing Farmers Markets. The county will also initiate outreach to Latino residents and WIC/SNAP recipients. In partnership with Colorado State University Extension, the county will offer 8 nutritional classes and 3 local food demonstrations at the farmers markets, and increase capacity for its Colorado Building Farmer training program. The project improves access to and knowledge about healthy local produce for the community, and increases sales and training opportunities for the local growers.	\$35,906
CT	The Norwich Community Development Corporation will increase attendance at the Downtown Norwich Farmers Market, with target demographics of the elderly and families with kids. The project provides low-income individuals with bus passes to come to the Wednesday markets, and will arrange for the current Senior Van to visit the market. It will provide activities for children and families, including healthy food preparation demonstrations.	\$36,365
CT	The Windham Regional Community Council will recruit and provide training for new vendors at the Willimantic Farmers Market. The council will also use web advertising. It will also generate outreach tools that can be shared with other markets: a Best Practices summary, a bilingual market toolkit, a farmer's market website template, and a Best Practices Webinar. It will increase the number of vendors by 50 percent and the number of customers to 200 per day.	\$88,869
DC	Columbia Heights Community Marketplace will establish a weekly Wednesday evening market in addition to the current Saturday market; launch a Community Supported Agriculture (CSA) program with subsidized shares for low-income customers; and conduct an outreach campaign to attract low-income customers and increase the amount of SNAP/ WIC redeemed. It will enroll 130 CSA shares and achieve weekly sales at the Wednesday evening market of \$4,600.	\$75,970

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
DE	New Castle County will study the feasibility of a new indoor/outdoor market in historic farm structures at Glasgow Park; establish a new farmers market at the Garfield Park Community Recreation Center; and increase promotion for all the farmers markets. New EBT capability will be added for all markets. The project will result in a 50 percent increase in vendors at the markets and a 25 percent increase in sales.	\$99,750
FL	City of Live Oak Community Redevelopment Agency will strengthen and expand the Live Oak Farmers Market by providing professional leadership, training managers and vendors, and educating the community about the advantages of local food. It will provide 2 new jobs, increase vendors at the market by 125 percent, and train 30 farmers and food entrepreneurs.	\$61,130
FL	The Farmers Market Coalition will create a modular series of guides, webinars, and worksheets for farmer's market practitioners. The program will cover these subject areas: (1) Identifying your Market's Mission, Goals, and Audience; (2) Selecting Appropriate Indicators and Metrics; (3) Strategies for Data Collection; (4) Analyzing Data; and (5) Communicating Data. Trainees will actively participate in the program, completing exercises that culminate in a customized data collection and communication plan for their market.	\$96,205
FL	Florida A&M University will develop marketing data on public housing residents' tastes in food. The study includes interviews, field tests, observations, and participant surveys to determine effective methods for increasing interaction with Frenchtown Heritage Marketplace, a farmers market in Leon County, FL. Reaching 550 potential market customers, the project expects to track a 35 percent increase in customer volume. This activity supports the retention of five staff jobs and increases the income of the 15 farmers who sell at the Marketplace.	\$96,700

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
FL	Keep Tampa Bay Beautiful will create the Net Park Farmer's Market, a new outlet for access to fresh produce for the citizens of northeast Tampa on a 1-acre site at the Florida State Fairgrounds called the Florida Learning Garden. It will integrate the activities at the farmer's market with education and income-earning opportunities for low-income youth and educate the public about the new market. The project will create three new part-time jobs.	\$92,950
FL	North-South Institute will enhance Batten's Farmers Market and Davie Agricultural Center by expanding advertisement and outreach activities such as educational agritourism activities. It will increase the families served by 25 percent and the demand for local products by 10 percent. Up to 900 families will attend the agritourism farm visits.	\$99,500
FL	The Performing Arts Center Trust will establish the Arsht Center Farmers Market held once a week on the Center's outdoor public Thomson Plaza and will include EBT capability. The market will be run by Arsht Center's 15-person marketing staff. The marketing strategy includes a multi-media promotional campaign to reach over 150,000 e-mail subscribers that frequent the Center. It will also launch a comprehensive print and radio campaign to reach potential customers that are not current subscribers. The project will use the farmers market to educate teenagers attending a 6-week summer camp at the Center about local food and farming.	\$46,860
FL	Gulf Coast Urban Farms will create the Olga Farmers Market on a farm in Fort Myers, FL, and promote it with flyers. The market will create a sense of community within the Olga-Fort Myers Shores area and strengthen the local economy by promoting local growers and processors. The project will create 3 part-time jobs, increase income for 10 farmers, and promote healthy cooking through classes for the public.	\$90,017

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
GA	City of Jessup will revamp the Georgia Department of Agriculture's State Farmers Market as the Wayne County farmers Market. The advisory board of farmers, agribusiness, local business, and local government will oversee the project, hire a market manager, and contract a marketing firm for branding and marketing/media strategy. The new farmers market is expected to retain at least 10 vendors and provide educational agricultural and nutrition information to the community through promotional events, educational programming, and school field trips.	\$98,939
GA	The City of Nashville will use FMPP funds to expand the visibility of the Nashville farmers Market with improved signage, radio spots, market brochures and banners, and by hosting monthly community events. The market will begin accepting SNAP. The market management will recruit farmers/vendors and offer training in business and marketing skills.	\$50,100
GA	The cities of Sylvester and Arlington Georgia are working together to expand and enhance their newly established Farmers Markets. The cities are collaborating on providing networking and training for small farmers, including a Farmers Market Resource Guide, and purchasing marketing supplies and advertisements. In addition, the project will create a database of producers and products with a map showing the locations of farms, farmers markets, farm stands and U-pick it operations.	\$92,412
HI	Big Island Rural Conservation and Development will set up the Hamakua Harvest Farmers Market. The new market will be centrally located and support up to 30 vendors per market day and offer EBT/SNAP redemption. Approximately 3,000 of Hamakua and North Hilo's 7,000 residents depend on SNAP benefits; the project aims to receive participation from at least 1,000. The project includes an outreach campaign to entice customers with educational weekend workshops, informational booths, hands-on activities, and youth-focused activities. The nearly 62,000 residents of neighboring districts and the 1.5 million annual visitors to Hawaii Island will also benefit from direct access to the many high quality, unique, Hamakua specialty crops.	\$23,667

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
HI	Hawaii Agriculture Research Center will create a new farmers market. The market will be located on an agribusiness and farmer housing complex site near many small farms, connected to a major rural roadway between military bases and urban centers. This is a community and economic self-sustainability development initiative that will support local and immigrant producers and improve awareness of and access to local produce.	\$32,166
HI	The Hawaii Agriculture Education and Promotion Program at the Hawaii Farm Bureau Federation's Kapiolani Community College (KCC) Saturday Farmers Market are designed to promote Hawaiian grown and produced agricultural products. The farmers will provide vital education on local farming practices and provide product promotion and cooking demonstrations to encourage sales. Approximately 4,000 people attend the market and would benefit from these informational demonstrations. Approximately 70 vendors would participate.	\$16,300
HI	The Kahua Paa Mua will offer value-added product development marketing and business training to taro farmers. Kahua Paa Mua will establish a new farmers market at the farm site, a new roadside stand, offer and promote weekly agricultural tours of the taro farm, and market value-added taro products at existing farmers markets. By the end of the grant, a minimum of 8 farm families will have learned to successfully market taro products through four different channels. This will elicit sales from a customer base of at least 300 local residents and tourists and connect over 1,000 community members to the initiative.	\$67,863

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
HI	North Kohala Community Resource Center will add an EBT Booth at the weekly Hawaii Farmers Market, create a CSA program for low-income families, conduct advertising and marketing and generate agritourism for the Hawaii Farmers Market, and create a "Grown/Made in Kohala" label for locally produced value-added products. The project expands consumer bases, including low-income population, Hawaii Island residents, and visitors to Hawaii Island. Additionally, this project will create and retain jobs in the agricultural sector.	\$83,530
HI	The Farmer to the People (Mahi'ai iā ka po'e) Initiative will expand Waimanalo Market Co-op market hub to accommodate at least 10 local farmer's direct-to-consumer products. The Initiative will also provide training on labeling, branding, and food safety thereby improving business practices and sustainability for local farmers. The expanded advertising and promotional marketing has the potential of reaching 9,932 residents.	\$80,839
IA	Dubuque Main Street will increase its customer base by increasing the number of vendors that accept EBT by conducting outreach and training programs to educate vendors about the value of EBT transactions and producing a campaign to publicize its acceptance of EBT payments. It will add an information booth, a transaction booth to handle scrip transactions, and infrastructure to accommodate additional customers. It will increase the number of vendors who accept EBT from 5 percent to 30 percent.	\$77,188
IA	Resource Conservation and Development for Northeast Iowa will create the Farmers Market Advisory Council made up of producers and farmers market managers in Northeast Iowa. The Farmers Market Advisory Council will establish and market a collective branding identity and coordinate farmer's markets times, vendors, and activities. The project will also host a farmer's market conference.	\$94,745

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
IA	United Way of Central Iowa will strengthen and expand the farmers markets in Central Iowa by training vendors to accept EBT and Federal benefits and by promoting farmers markets. It will create a marketing plan and conduct an advertising campaign. The project expects a 30 percent increase in the count of visitors to farmers markets and a 60 percent increase in market sales, with 70 percent of vendors trained in best practices.	\$87,458
IL	The City of Chicago, Department of Cultural Affairs and Special Events, will establish three new farmers markets in underserved and low-income/low-access areas of Chicago. Funds will primarily support costs associated with the market operations, advertising and promotions, community collaborations such as cooking demos, LINK/SNAP accessibility, and workshops for farmers.	\$88,908
IL	Bureau and Putnam County Health Department will develop a market manager position to work with local farm operations and establish four new farmers markets, CSAs, and other direct producers'-to-consumer market opportunities in four low-income and/or low-access communities and increase promotions for seven existing markets and provide training to potential vendors.	\$94,256
IL	Faith in Place will grow support for its 15-16 winter markets held at various faith-based churches through expanded outreach and marketing, and promoting EBT/SNAP participation. Faith in Place will also create a CSA "matching program" to increase the number of drop-off spots with participating churches. Faith in Place markets will support 32 total farmers/vendors and five (5) CSAs. The project aims to grow attendance to 4,266 participants in year one and 4,692 in year two. Gross sales are anticipated to increase from \$61,441 to \$67,585 in year one, and then to \$74,344 the following year.	\$63,910

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
IL	Food Works will build the capacity of a fledging year-round farmers market already providing full access for Illinois LINK and other EBT users by securing adequate staffing, marketing, and promotional expertise at a key community location. Food Works will train emerging farmers to grow for local markets through the year-long Southern Illinois Farm Beginnings® program. Food Works benefits 30 new farmers, and welcomes consumers from 23 counties in southern Illinois, 11 of which are low-income/low-access.	\$88,231
IL	The Illinois Stewardship Alliance will establish the Band of Farmers CSA association, with a Web site, brochure, and regular meetings. It will promote CSAs by organizing CSA fairs, having representatives at farmers markets, introducing the CSA concept to workplaces and other organizations, and using traditional and social media to inform consumers about the availability of CSAs. It will increase access in underserved areas by accepting Link (SNAP/EBT), and enroll CSA producers to serve those sites.	\$86,648
IL	Inner-City Muslim Action Network will support the start-up and management costs of the farmers market, which include staffing, community outreach and education, publicity, and direct farmer/producer assistance. This will benefit the larger low-income community of 155,000 in purchasing fresh produce directly from farmers while learning how to live healthier through forums to be presented in collaboration with St. Rita's Catholic Church and Holy Cross Hospital. The project also benefits its 15 local neighborhood corner-store partners.	\$99,735
IL	The Center for Governmental Studies at Northern Illinois University (CGS) will work with four Illinois farmers markets and area farmers to identify obstacles to farmer participation and higher market sales develop mitigation strategies and assist in implementing changes. Expected outcomes are larger farmers markets with increased market sales and more farmer participation.	\$78,656

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
IL	Plant Chicago's Closing the Loop project will establish eight new markets and expand four existing markets for producers through "The Plant" in Chicago's "Back of The Yards" neighborhood. The Plant is a large net-zero energy vertical farm and business incubator and food-waste re-purposing facility. The project will also provide EBT-enabled food access to a low-income/low-access community. The project benefits 12 producers and supports 6 part-time jobs.	\$94,502
IL	The Experimental Station: 6100 Blackstone is a transition of the 61st Street Farmers Market to a year-round market, and will use the FMPP funds to promote the expansion, and provide year-round marketing, educational programming, and healthy eating programs. The project will also help expand the Community Health Market model, piloted at the 61st Street Farmers Market, to additional markets in Illinois. The 35 chef demonstrations, fourteen (14) free youth and adult cooking classes aimed at SNAP beneficiaries, and 45 health outreach sessions and screenings will ultimately improve the health, wellness, and quality of life for the community while simultaneously growing the consumer base and economic viability for regional producers. The project aims to recruit at least 19 farmers/producers for the indoor market each year and at least 27 for the outdoor market. The expansion will open an additional four (4) monthly market days and benefit an estimated 351 customers at each. The project will help make the market entirely self-sustaining.	\$99,939
IN	The City of West Lafayette will strengthen the West Lafayette Farmers Market with market research, bus tail signs, street banners, new signage, radio spots, web development, and mailings. This will increase community awareness and attendance for the market, and increase the number and variety of vendors participating. It expects a 10 percent increase in attendance, with more low-income community members, a 10 percent increase in vendors, and up to 10 new products being brought to the market.	\$26,716

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
IN	The Indy Winter Farmers Market will greatly increase SNAP usage by promoting an existing SNAP matching program, and by providing vendors direct marketing training. It will increase SNAP transactions by 50 percent, and increase vendors' sales to SNAP customers by 30 percent.	\$24,705
KY	The Berea Farmers Market Cooperative will develop material to increase consumer knowledge of the importance of local food and farms to the economy, and food security, thereby growing farmers market participation; equip farmers with tools to improve market opportunities, thereby increasing their ability to efficiently promote and generate sales; and establish solid market staff support and community partnerships to leverage resources to improve the sustainability of the market.	\$47,041
KY	The Kentucky Farmers Market Support Program (KFMSPP) will provide pre-season workshops and toolkits to farmers markets for business and market development (including strategic planning, governance, vendor training, marketing strategies), and for participation in SNAP, WIC, SFMNP, and the Summer Feeding Program. KFMSPP will also provide in-season technical assistance. The current program serves five markets, all in the Kentucky Strike Force, including two in the Southeastern Kentucky Promise Zone. Over the two-year grant period this number will be increased to 15 markets, all in the Strike Force, with at least two new markets in the Promise Zone. The project also supports 15 jobs and expects a 25 increase in market sales for approximately 100 vendors.	\$98,515

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
KY	Louisville/Jefferson County Metro Government will expand the number of Louisville farmers markets with SNAP capability by deploying equipment and providing training on promoting and managing SNAP participation. The project will also provide consumer education on purchasing local and seasonal food on a budget. The project will also recruit additional farmers to sell at markets and volunteers for markets. The project will serve five low-income/low-access tracks, and encourage increased consumption/purchase of healthy foods, thereby increasing sales for local farmers.	\$88,719
KY	The project will promote the Metcalfe County Farmer's Market in its new, more accessible location and elicit increased farmer participation and consumer access through new market opportunities such as expanded market hours, expanded market season (to fall and winter), entertainment and special community events, SNAP redemption options, and a new mobile market. In addition, the project will provide outreach, training and technical assistance to local producers. The project aims to benefit 10 to 15 vendors per market day and triple sales over the course of the two-year project.	\$74,502
KY	The University of Kentucky Research Foundation in collaboration with CSAs in Kentucky and area organizations invested in health and wellness, will conduct a research into whether and to what degree CSAs promote improved health choices. The study consists of three stages: a survey of healthy consumption changes from existing CSA shareholders near the area; a healthy consumption behavior change comparison between a consumer groups "prescribed" a shareholder program by rural hospitals and a control group; and a feasibility evaluation and extension plan.	\$96,512

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
LA	The Big River Economic and Agricultural Development Alliance's Healthy Food Access for Local Louisiana Farmers project will develop a comprehensive marketing plan to increase SNAP customer participation at four Red Stick Mobile farmers Market sites in low-income, low-access areas. Small farmers will benefit from the increased sales opportunities, technical assistance and educational training on SNAP. SNAP customers benefit from increasing access to fresh, locally grown fruits and vegetables and education on preparing fresh foods.	\$82,298
MA	Boston Public Market Association will promote the Boston Public Market and two seasonal farmers markets. Advertising and outreach will increase public awareness of regionally grown food and include a 'locally grown' labeling component. The project will also update EBT systems for the markets and assist regional farmers, ranchers, and fishermen with technical assistance and training. It will increase revenue to regional vendors by \$980,000 each year.	\$83,589
MA	Community Involved in Sustaining Agriculture's promotional activities will include online campaign, consumer engagement and recruitment, and expanded direct market opportunities. The project will also strengthen marketing and management for farms and farmers markets through technical assistance, networking, and cooperative planning. It will result in 5 percent increased sales of agricultural products through direct market outlets, from a customer base growth of 8 percent. Three hundred farmers will benefit from this project.	\$99,139
MA	The Nuestras Raices Farmers Collaborative will improve farm sales by researching consumer desires, conducting a Spanish language marketing campaign to highlight its unique Latino crops, and developing on-farm activities to encourage agritourism. It expects to increase sales of low-income farmers by 25 percent.	\$84,908

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
MA	Mill City Grows will expand its current Mobile Market sites to include two or more local producers, create three new markets, and introduce education, outreach and incentive programs to promote and support the new markets. It will increase the customer base through increased market promotion, outreach, education, and incentive programs. It will engage 10 new vendors, expand the existing 7 markets to 9 locations, add a winter market, increase sales by 10 percent, and increase redemption rates of SNAP/WIC/Senior Coupons benefit programs to 5 percent of total sales.	\$100,000
MD	Five A Day CSA plans to increase its consumer base through an interactive outreach program that offers nutritional education, farm tours, and chef demonstrations using fresh produce available in the Five A Day CSA. The outreach events are expected to attract and educate at least 1,000 attendees, offer farms tours to at least 500 people, and yield an increase of 500 consumers to the CSA program.	\$99,942
MD	Goldman Enterprises, Inc. will create and market the A Taste of Southern Maryland-CSA. The CSA will deliver farm fresh produce and artisan products to the doorsteps of Southern Maryland residents. The project will be promoted online and in social media. The project will work to unite farmers, artisans, chefs, and the community through developing supportive commercial relationships, community events, and an interactive online experience. The project will create 6 jobs and 6 internship opportunities. It also has the ability to impact over 146 farms/producers, 400,000 residents and create 30 new jobs and 30 internships.	\$99,242

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
MD	Maryland Farmers Market Association will further develop its programs to network and train farmers market managers, provide nutrition education and SNAP/EBT benefits to potential customers, and identify best practices for optimal member services and long-term viability. Nutrition education and Federal nutrition assistance awareness will benefit 4,500+ shoppers at the 18+ market partners, totaling 200+ farmers and vendors who will receive sales. The expected revenue from participating in benefits and incentives is an estimated \$100,000.	\$100,000
MI	Allen Neighborhood Center (ANC) will promote its Winter Farmers Market and Hunter Park Garden-House CSA through community/volunteer outreach and paid marketing, and expand consumer participation by advocating SNAP and Double-Up options and flexible payment options. In addition, ANC will assist farmers by providing training and mini-grant opportunities on best farm practices, and opening Allen Market Place (AMP) Kitchen to assist farmers in creating value-added product. Quantified goals include 25+ participants in the CSA and at least 8 producers utilizing the AMP Kitchen.	\$90,378
MI	Broad Street Events, Inc. will oversee the new Chesaning Market off Broad, equipped with SNAP benefits. The community is in a low-access and low-income bracket; awareness of local, healthy produce is low. As a new market with little awareness in the community, the project group will promote the market in widely disseminated paid advertising, and track attendance and sales throughout the year to evaluate customer and sales growth.	\$20,582

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
MI	The City of Harrison is in the process of renovating a downtown facility to house a retail incubator, community kitchen, three to four season farmers markets, and an outdoor area farmers market, with a target opening date for spring 2015. FMPP funds will be used to hire a market manager to work with the community collaborators to increase awareness and interest, facilitate farmer recruitment and training, and handle day-to-day operations once launched. The project will identify new market participants and community partners; the benchmark is to grow farmer participation by at least 50 percent, track sales and evaluate ways to increase consumer attendance.	\$53,310
MI	Given the locality constraints (low and spread-out population of 17,000), Grow Benzie will use paid media outreach and marketing to entice vendors to participate in Grown Benzie's farmers market and utilize its incubator kitchen to create value added products. Two newspapers will provide weekly ads for 39 weeks featuring the incubator kitchen and its opportunities for making value added products, in addition to road signs and bus ads. Grow Benzie will inform its 1,600 email list-serve of, and encourage participation in, community opportunities and special events.	\$47,758
MI	Local First Educational Foundation (LFEF) will develop a website and brochures to highlight local CSA farms, hold open house events for farmers and potential subscribers. The project will also promote the West Michigan Growers Group (WMGG), a budding network of local farmers, and provide funds for leadership and networking projects. LFEF will also develop a weekly newsletter and database. Beneficiaries will include the 20 or so active CSA participants and 100+ that may potentially participate.	\$94,148

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
MI	<p>Michigan Farmers Market Association (MFMA) will develop a farmer's market manager mentorship program, improve and expand the Market Management Certificate Program, and invest in long-term strategic planning and professional development for the MFMA team. The mentorship program will match 10 beginning market managers with 10 experienced managers in 2015, and increase to 15 mentor-mentee participants in 2016. MFMA's market management certification program has benefitted 103 of its 300 members, including 10 who will be recertified in 2015 and 25 in 2016. MFMA will also create satellite learning campuses in the Midwest and two other states to enroll at least 60 market managers from out-of-state. MFMA trains an average of 20 vendors in at least 120 farmers markets, totaling 2,400 farmers who will benefit from participation in MFMA services.</p>	\$99,660
MI	<p>Michigan Land Use Institute will use the FMPP funds to support expansion and continued promotions of its Taste the Local Difference local food marketing program. The funds provide for direct advertising, social and web media, and in-store logo placement and merchandizing, and for the project team to continue recruiting more contributing farmers and retailers. In the Taste the Local Difference Directory, there are 285 farms and 280 retailers, and the information is disseminated to more than 8,000 members. The goal is to have the program completely self-sustaining through community generated revenues by building up the paid participation of farm business, retailer and distributor licensing agreements, and sales on promotional products by 2016.</p>	\$73,700

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
MI	Sprout Urban Farms will establish a market stand and packaging facility on its production farm "Bright Star Farm." Funds will equip an existing building adjacent to the farm with the capacity to package, brand, and market produce, and accommodate a volume of 12-16 producers. The packing facility will serve the Sprout Food Hub growers and increase sales and ready-to-use production of locally grown produce to restaurants, hospitals, schools and the general public. The market stand will be situated on Bright Star Farm property and offer locally grown produce to the low income/low access neighborhood of Battle Creek, MI.	\$89,152
MN	Farm Commons will create and distribute three legal guides for direct market farmers: "Using CSA Law to Build a Strong CSA," "Complying with the Produce Rule under the FSMA for Direct Market Farmers," and "Secure Farmland access through Solid Legal Documents." Farm Commons will also train farmers through workshops and webinars. This project will educate an estimated 3,417 farmers (477 directly and 2,940 via market managers).	\$53,302
MN	Farm Market Café, LLC will expand its All Season farmers Market year-round, recruit additional vendors and local farmers, and host classes on healthy seasonal eating for consumers and Good Agricultural Practices/Food Safety for farmers. Increasing the market hours of operation from four to 54 hours per week will increase marketing opportunities and sales. The market has the potential to serve the population of 27,000. Ten or more farmers are expected to participate in the educational sessions.	\$16,007

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
MN	Hmong National Development, Inc. will provide culturally appropriate outreach, training, and technical assistance to Hmong Farmers in Washington County and the USDA Strike-Force Counties of Franklin, Sebastian, Scott, Johnson and Franklin located in Arkansas. The project will benefit 40 Hmong farmers. It is expected that at least 90 percent of participants will: report an increase in income of 25 percent or more, begin offering a wider variety of products, and use new marketing strategies. In addition, the program will directly create and/or retain 40 farm jobs and 38 indirect farm jobs.	\$99,750
MN	Minnesota farmers Market Association will develop and provide regional trainings to market managers/vendors to help them become sustainable. The seven trainings will include setting up attractive displays to aid customer relations, recordkeeping, state regulations, signage, marketing, etc. Trainings will culminate with onsite evaluations and feedback to the markets and vendors. The trainings will reach an estimated 500 participants in the grant period and be recorded in video form for additional and new farmers as well.	\$61,496
MN	Renewing the Countryside II will 1) offer training and resources to farmers in expanding on-farm events and food service; 2) create a marketing campaign promoting agritourism and purchasing products or experiences directly from farmers; 3) to expand tools to help consumers easily find on-farm, food-centered agritourism opportunities. The workshops and webinars will have at least 350 farmer participants. Twelve farms will be selected for online "vignettes" for promotion of on-farm activities. The website is expected to draw 500 unique hits per month, and the articles published in 12 different venues/times will each reach 6,000+ individuals and receive media coverage in at least six (6) outlets.	\$98,044

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
MO	The Columbia Missouri Farmers Market Promotion Program will evaluate current market characteristics and develop activities to grow the market for its 80 producer/vendor members. Activities include research into farmer's market trends nationwide, re-branding, and promotional campaigns to encourage attendance and buying locally-grown, vendor training to improve marketing skills, and hosting special events and regular collaborations with chefs/restaurants. The primary beneficiaries include the farmers and vendors, as well as chefs and local businesses.	\$97,931
MO	Friends of the City Market will develop marketing and outreach campaigns to increase consumers and vendors at the Sunday and winter market. The Saturday market received an average attendance of 12,000, while the Sunday market currently receives a third of that and winter market attendance decreases significantly. Increasing attendance at Sunday and winter markets to the level of Saturday markets will directly benefit the current 75 vendors.	\$85,375
MO	The Meramec Regional Planning Commission will establish a consortium of agricultural businesses in the Meramec Region of Missouri that use and market each other's products. It will create a Web site and brochure, hold regular meetings, and encourage agribusinesses to support and promote each other. It will include 36 businesses in the Consortium, expand its markets by 10 percent, increase market sales by 5 percent, and create 5 related jobs.	\$71,936
MS	The BMBC-ACTS Farmers Market Promotion Program will develop a comprehensive and integrated farming program that will include business development, entrepreneurship, a farmer's market, agri-tourism, and other coordinated community outreach and educational activities. The overall goal of this food promotion program is to meet the food access and security needs of low-income consumers through food distribution and community outreach by expanding direct producer-to-consumer market opportunities.	\$40,379

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
MS	The City of Madison will hire a permanent market manager, conduct promotional efforts, and supply marketing materials to support the Downtown Madison Farmers Market. The City of Madison currently benefits 16 vendors and will increase the number of vendors by 50 percent. The City's expanded promotions will draw a larger consumer base and are expected to reach more than 25,000 residents.	\$59,772
MS	The S2FCF Happy Food Project will establish a mobile farmers market and identify existing farmer's market opportunities for small and beginning farmers. The project will provide technical support to small and beginning farmers in marketing their sustainable grown produce or value added products. The project will partner with school programs to educate local youth and community members on the importance of proper diet, exercise, nutrition, health, and consumption of local produce.	\$95,298
MT	The Yaak Valley Forest Council will further develop its new farmers Market in Troy, Montana by training a market manager and market vendors, purchasing equipment and promotional materials, establishing EBT, and publishing nutritional information to encourage attendance. The goals include tripling vendor attendance from 4 to 12, doubling consumer attendance from 1,275 to 2,500, and increasing vendors with the increased interest in the market.	\$58,834
NC	Appalachian Sustainable Agriculture Project will train farmers and provide them technical assistance to conduct farm tours. It will promote farm tours and agritourism in the Appalachian Region of North Carolina to increase farm sales and consumption of local farm products in the Region through an online trip planner, print advertising, refrigerator magnets, and posters.	\$83,229
NC	Reidsville Farmers Market will promote the availability of healthy foods and the acceptance of SNAP benefits to more than 1,400 low-income families through an advertising blitz and a multi-media campaign. It will sponsor cooking classes, distribute free recipes, and offer taste testing at the market.	\$50,000

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
NC	Fayetteville State University will expand the Murchison Road Community Farmers Market and train and support urban farmers to offer new products to meet the food interests and nutritional needs of low-income residents. It will begin a CSA program tailored to the needs of low-income residents. It will conduct a targeted educational and promotional campaign to increase attendance at the market with events and chef demonstrations. The project will increase the vendors at the market from four to 18 and expand the open market day from one to two days a week.	\$79,372
NC	Feast Down East will expand its successful farmer's market to include all Wilmington Housing Authority low-income food deserts through its CSA program. It will conduct a promotional and educational campaign to introduce the CSA and promote attendance at the farmers market. The project will increase market sales by 20 percent, expand the CSA program from two to seven low-income public housing communities, and increase EBT sales by 20 percent.	\$93,853
NC	Red Barn Farmers Market will enlarge its market and expand its consumer base by educating existing and potential farm vendors in small business administration and use of social media. It will engage in a social media advertising and marketing campaign, bolstered by the use of a market mobile vehicle, which will provide advertising and serve as an ambassador to regional events and provide fresh produce to isolated customers. It will also host agritourism activities at the market. The project will create or retain four jobs and increase market sales by 50 percent.	\$79,711
NC	Inter-Faith Food Shuttle will operate two markets in Southeast Raleigh, NC. Both markets target low-income residents with limited access to fresh produce, and recruit and support limited resource, socially disadvantaged, and urban farmers as vendors. The project trains new vendors on growing/raising, selling, and marketing products. The project includes educational programming for consumers (nutrition education, cooking, shopping on a budget, etc.) and community events to build social connections between farmers and consumers. Both markets will accept SNAP benefits.	\$90,300

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
NC	Rural Advancement Foundation International-USA will investigate methods to increase sales at four farmers markets as a pilot study. It will then convene a conference for North Carolina farmer's market managers to present its findings. Its ultimate objective is to form a North Carolina Farmers Market Association to coordinate activities at all farmers markets. Sales will increase by 20 percent at the four pilot markets. Three hundred market managers will be trained at the conference and the 3,712 North Carolina farmers who sell directly to the public will increase their sales by \$7 million.	\$95,067
NC	"The Down East Farm to Table Network Initiative's is a collaborative effort to raise awareness of and increase access to locally grown foods. During the twenty-four month initiative educational seminars will be conducted, local farmers markets will be expanded and agricultural jobs will be created in the various areas of the low income low access community. The fundamental goals of the Down East Farm to Table Network Initiative are to promote healthier eating, connect customers to local growers and improve the economic conditions in the communities we serve. Successful implementation and execution of the project will result in a larger, healthier, and better informed customer base for the areas' farmers and increased job opportunities for those interested in the retail and distribution of the agricultural goods.	\$88,539
ND	The United Tribes Technical College (UTTC) Winter Market and BisMarket Collaboration and Sustainability project will hire an experienced market manager to manage the winter market operations, and develop community collaborations and marketing strategies to increase market attendance. Beneficiaries include the participation of more than 15 producers.	\$98,673

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
NE	Center for Rural Affairs will direct producer-to-consumer local food access among the UmoNhoN (Omaha) Nation, centered in Macy, NE, by expanding the Macy Farmers Market, developing market producers through advanced business and production support, and building market sustainability through cultural context. It will provide advanced training to the group of market gardeners who will become the core vendors of a sustainable market. It will train new vendors through 10 intensive workshops per year and provide personal consultations and assistance to new market gardeners through three hired community members. One of these positions will be Culture Coordinator, who will ensure the products are culturally relevant to the Omaha People. The project will create 8 jobs and increase sales by up to 50 percent.	\$85,314
NE	Community Crops' Growing Market Farmers in Nebraska project will provide training to limited-resource and socially-disadvantaged beginning farmers in business planning, marketing, and production, as well as Good Agricultural Practices and food safety training. Funding will enhance the existing incubator farm program to improve food safety knowledge and expand cold storage capacity. The two-year project will teach an estimated 50 new farmers business skills; train 48 in GAP and food safety practices; and provide cold storage space for 40 local farmers.	\$50,616
NJ	City Green, Inc. will expand the existing City Green farmers Markets to include two new markets, as well as to add fruit and egg vendors. It will purchase a mobile market to attract more customers in the food desert neighborhoods. The project could increase federal food benefit sales by 100 percent and expand the number of community members served by at least 1,000.	\$94,980
NJ	Burlington County will implement a more user-friendly website to advertise its county farmer's market. The project will also include a multifaceted advertising campaign to attract new customers. Twenty vendors at the county's farmers market will have increased sales and income.	\$50,019

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
NJ	Duke Farms, a tourist attraction in New Jersey, will start the Farm to Table farmers market. It will recruit up to 15 vendors to attract 500 shoppers a week and promote the market with social media and direct advertising. The vendors will increase their sales to consumers by 20 percent. It will also convene a State Farmers Market Convention to share what it has learned.	\$65,899
NJ	Brick Township Farmer's Market Initiative will create and sustain a farmers market and educate the public about and promote the market's operation. The marketing management team would recruit farmers and set up all the necessary facilities, purchase supplies, and get approvals and establish regulations and fees. The market has the potential to reach 75,072 individuals.	\$40,000
NJ	The Township of Pemberton will promote the Heart of the Garden Farmers Market through advertising and special events. It will develop marketing materials, signage, educational classes, and advertisements aimed at attracting additional vendors to the market. The project will increase grower participation by 10 percent, the number of visitors by 15 percent, and develop wellness programming at each market event.	\$26,835
NM	The New Mexico Farmers Marketing Association will foster cooperation among community health organizations and farmers markets in four low-income, low-access counties (Rio Arriba, San Miguel, Dona Ana and Hidalgo), to deliver farmers market-related nutrition and cooking programs to low-income families; train and assist market managers statewide to attract new customers—particularly low-income consumers—by making markets multi-purpose gathering spaces that cultivate community health; and use mobile messaging, targeted mailings, social media, and community outreach to increase awareness about SNAP redemption at farmers markets and farm stands. It will increase farmers market sales by \$451,000, of which most will be Supplemental Nutrition Assistance Program sales. Increased sales will directly benefit 330 farmers and 4,200 low-income consumers.	\$77,059

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
NM	The Pinyon Foundation will produce a national Hispanic farmer's market promotion campaign to attract Spanish-speaking customers to farmers markets nationwide. It will produce radio spots with Spanish-speaking producers inviting customers to farmers markets. This campaign will run for 6 months on 250 Spanish radio stations nationwide with 25,000 local broadcasts delivering 70,280,000 advertising impressions, including over 3 million in food deserts. Ten original radio spots will feature Spanish-speaking producers from different States, with three including EBT/SNAP promotional messages. Spanish newspapers with 3,500,000 weekly copies will echo the campaign. A bilingual webpage will allow individuals to locate local markets. The campaign will reach over 10 million Hispanic adults nationwide.	\$100,000
NM	The Pueblo of Pojoaque will expand the Pojoaque farmers Market. It will reach additional patrons through an advertising campaign and the acceptance of EBT, attract more local farmers/vendors, and extend the market season by two months for greenhouse growers and organic meat and value-added product sales. It will add on-site cooking demonstrations, roasting services, and food events, and implement marketing and advertising strategies through the use of social media to increase market visibility and attendance. It is anticipated that attendance will increase by 15 percent.	\$44,616
NM	Red Willow farmers Market, Red Willow Center will conduct conventional and internet advertising; upgrade market infrastructure; expand vendor and producer opportunities and trainings and technical assistance; and improve business and marketing training for market management. The Red Willow farmers Market makes Taos Pueblo-produced, healthful foods accessible to the area's multicultural and low-income population. The Red Willow Center expects to see a 20 percent increase in sales and create at least 15 direct and indirect jobs.	\$22,333

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
NM	The Santa Fe farmers Market Institute will increase participation of EBT customers at the Santa Fe farmers Market through advertising, signage, and leafletting at Federal benefit offices. Santa Fe Market Institute will also provide technical assistance, professional training, and scholarships to 140 vendors to expand and diversify production; promote an existing micro loan program; and send 100 farmers to 2 conferences and 8 capacity-building workshops.	\$91,604
NV	Southern Nevada Health District will expand EBT operations to two or more farmers markets; develop at least three social media marketing campaigns to promote EBT at all seven farmers market sites, and provide technical training to improve efficiency of EBT operations. This project will increase access to healthy foods for low-income residents who have SNAP benefits.	\$99,523
NY	Certified Naturally Grown will train farmers to market their products through improved branding, storytelling, and social media. It will develop a marketing kit for farmers, provide assistance in logo development, and devise templates for brochures and other marketing materials. It will help farmers tell their stories through videos, social media, and conferences. By the end of this project, more than 100 participating farms will have improved at least one aspect of their marketing practices and at least 20 will have seen improved sales or an expanded customer base.	\$59,521
NY	The Vegetable Tipping Point project will increase sales in roadside stands, winter farmers markets, and CSAs by broadening consumer cooking skills. It will stage on-site cooking demonstrations, food sampling, give cooking classes and easy recipes, and mount promotional campaigns to heighten consumer interest and awareness of the availability of local food. It will distribute 30,000 menus, put on 108 cooking demonstrations, and give 4 cooking classes to 40 people.	\$88,657

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
NY	Cornell Cooperative Assoc. in Delaware County will develop the Delaware County Local Food Outlet and CSA Network to provide access to locally produced food to consumers in Delaware County. It will promote the CSA to low-income consumers, senior citizens, University employees, students, veterans and tourists as a source of fresh local agricultural products. The CSA Network will be available year-round. The store will be open at convenient times and on-line orders will be packed for pick-up. It will accept EBT payments. Products include dairy, vegetables, honey, maple, beef, lamb, pork, fish, bread, herbs, berries, poultry and eggs. The project will retain 1.5 full-time employees; create a sales outlet for 50 farmers, increasing their profitability by 20 percent.	\$99,600
NY	Orange County, NY will increase attendance at county-wide farmers markets through promotional campaigns; expand the utilization of EBT systems in communities in need; and establish a winter farmers market. The project will conduct county-wide farmer's market advertising and establish EBT for SNAP acceptance in 2 to 3 lower-income markets. It will also establish a new winter market. It will create one full-time job, one or two winter market, a new summer market, and increase sales by 5 percent in 15 existing markets.	\$100,000
NY	Farmers Market Federation of NY will provide New York State's farmers and farmer's market managers with websites and training on how to use these websites to effectively expand producer-to-consumer sales. The project will create templates for farms and farmers market Web sites, promote the program through flyers and press releases, and hold training seminars for site administrators. It will create 100 new sites (50 markets and 50 farm) and provide training to at least 300 site administrators.	\$39,310

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
NY	The Hudson Valley Hospital Center will enhance access to the Hudson Valley Hospital Center Farmers Market in low-income communities; increase the number of farmers participating in the market; and enable SNAP benefits to be used at the market. It will implement a public relations campaign to raise awareness in the local community, engage in direct outreach to the local community, start a shuttle service to transport low-access persons to and from the market, engage in outreach to farmers in surrounding counties to encourage their involvement, establish an online and social media presence specific to farmers to increase communication, awareness, and involvement, and purchase an EBT machine and implement a scrip system to encourage the use of SNAP benefits. The project will create one new job, expand the consumer base by 50 percent, serve 65 SNAP beneficiaries at each farmers market, increase market sales by 85 percent, and increase the number of farmers participating by 25 percent.	\$99,899
NY	The International Rescue Committee in San Diego (IRC) will increase locally-grown produce consumption in the low-income community of El Cajon, California (in Eastern San Diego County). Through farmer training, micro-loans, and community promotion of the Downtown El Cajon Farmers Market, the project will increase market revenue for limited-resource immigrant farmers, generate increased EBT sales, and foster intercultural appreciation through ethnic cooking classes and intercultural events. The project will benefit 56 farmers, create 18 jobs, and generate over \$26,000 in additional market revenue for farmers/producers through EBT and incentive dollars. It will generate more than \$66,000 in revenue for locally-grown produce at the Downtown El Cajon Farmers Market.	\$82,566

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
NY	Just Food will support farmers markets in New York City by providing food education to promote local produce. In particular, the project targets local food pantries to educate clients about the availability of farmers markets in their community, local food available, and government entitlements that can be used. As a result, 6,300 to 9,000 low-income community members will learn to cook with seasonal produce available at markets; 100 to 140 food pantry clients will learn about the proximity of farmers markets, local food available at markets, and entitlements that can be used at markets; and 70 to 80 percent of participating farmers will report a positive impact on sales.	\$88,298
NY	Northeast Organic Farming Association of New York, Inc. (NOFA-NY, Inc.) will develop an interactive online farmer's directory of local, organic, and sustainably raised agricultural products. NOFA will design and implement the directory and promote it via social media and direct mail. It will also offer training to farmers on marketing and social media, and provide a price index tool to enable farmers to appropriately price their products for the consumer market. The project will serve more than 650 local, organic and sustainable farmers. It will increase access for all New Yorkers seeking local organic and sustainable food.	\$95,020
NY	The Southern Tier Central Regional Planning and Development Board will establish a Winter farmers Market in Bath, NY, to create a new market opportunity for farmers and expand the access consumers have to purchase local farm products all year. It will add EBT services to the Bath market and the existing Corning Winter farmers Market. It will promote the market with advertising, events, and activities, and will seek out other opportunities for direct sales for the area's farmers, such as farm-to-institution. The new market will attract up to 10 vendors and 200 patrons each day; redeem up to \$200 in SNAP benefits a day; and increase profits for 25 local farmers.	\$91,043

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
OH	Lake-to-River Food Cooperative will increase marketing for the e-commerce online market, Workplace + Wellness. Currently the Workplace + Wellness program has contracts with 2 large employers to potentially reach 8,000 individuals; the marketing goal is to expand participation to 10 more employers. The project will increase outreach to the school districts to market the Local Lunch program and will offer local produce/contracts with four school districts. The Food Cooperative will develop training opportunities for growers to improve agricultural and business marketing practices and aims to increase producer membership from 32 to 40 through outreach.	\$99,555
OH	Neighborhood Development Services, Inc. will increase advertising for the Ravenna farmers Market through expanded outreach, vendor/farmer recruitment initiatives, outreach to consumers and educational information on the health and financial benefits of buying local/fresh. The Ravenna farmers Market is the only registered market in the City of Ravenna, and has the potential to serve the 840 local farms in Portage County and 14,500 potential consumers. The goal is to increase vendors to 18 and number of visitors to 900 by 2015.	\$36,678
OH	Northside Farmers Market to expand the advertising, marketing, and social media promotion of the market, and develop new market tools, special events and promotions, and educational offerings. In addition, the market will conduct outreach to increase SNAP redemption at the market. The expanded marketing is expected to benefit the 38+ farmer's market vendors and draw in an estimated 10,000 customers to visit the market, thereby driving a 40 percent increase in weekly vendor sales.	\$53,240

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
OH	SID Public Services Association will increase marketing and promotion of the Pearl Market, increase outreach and participation in its EBT offerings, and conduct market research to track and improve attendance. The project aims to increase EBT sales by 10 percent each year and increase farmer sales by 10 percent each year. The farmers market serves a low-income/low-access area and a typical market day could see sales for an estimated 16 enrolled farmers and 58 enrolled non-farm merchants, with an estimated daily foot traffic of 4,500.	\$90,277
OH	ProMedica Toledo Hospital's Lucas County Food Desert Project expands upon the existing mobile market program. The project expands the availability of fresh, locally grown produce to low-income seniors from 16 to 28 sites, and offers nutrition education to the target population as well.	\$44,060
OH	Trumbull Neighborhood Partnership's F.A.R.M. Warren project will develop and provide educational and networking resources for local farmers. This will benefit 30 farmer participants and aims to gain 6 new market vendors. The project will also produce outreach and marketing materials and conduct special events to increase attendance at the Warren Farmer's Market. In order to better develop long-term strategies for improvement and sustainability, Trumbull Neighborhood Partnership will also measure the economic impact of the market on the community.	\$96,733
OH	WSOS Community Action Commission, Inc. will conduct direct marketing and promotions for the Toledo farmers Market, offer vendor training, and extend distribution channels and SNAP benefits. The market strengthens support for northwest Ohio's regional food systems.	\$62,747

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
OK	Awardee will promote two farmers markets, located in Tulsa, Oklahoma by developing and supply promotional campaigns to raise awareness of markets to increase sales and customers. Outcomes will include increased sales for vendors; increased market access for populations with limited resources or difficulty getting to the market; increased use of SNAP, Double Up Food Bucks and Senior Nutrition programs (for customers with limited financial resources); and improved vendor skills in marketing, booth operations, social media usage and grant writing.	\$93,774
OR	Gorge Grown Food Network will host a Rural farmers Market Conference attended by at least 20 rural farmers market management teams to network and share resources and strategies. Improved management and operation of markets as a result of training and support will directly benefit the 50+ market managers, staff, vendors, and 100+ farmers and ranchers who sell at the rural farmers market. Outreach and market promotions will also increase awareness of direct producer-to-consumer opportunities for the 2,000+ area farms and 75,000+ residents.	\$66,022
OR	Janus Youth Programs will expand and strengthen a newly formed Village Gardens Farmers Market in a low income and low access community by improving market management, increasing outreach efforts and customer recruitment, and increasing vendor participation. It will develop sustainable market infrastructure such as tents, table, and signage, improve outreach and marketing, and expand and diversify vendor participants. The project will increase access to locally produced foods, increase marketing opportunities for local food vendors, and expand the customer base.	\$93,985

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
OR	Tigard Area Chamber of Commerce will boost low-income, low-access customer patronage at Tigard Area Farmers Market through increasing awareness of SNAP and EBT programs and offer transportation assistance. The market managers will also register 50 vendors on the "Manage My Market" online tool to improve vendor efficiency, increase visibility of vendors' products and location, and grow patronage. The 2 year marketing and outreach campaign aims to expand sales by 20 percent per year for 21 farmer/producer market vendors and add 10 new vendors per year. The market currently averages 1250 customers per day and expect to increase patrons by 20 percent each year, including increasing the number of low-income individuals who visit the market and increase EBT sales by 25 percent.	\$73,667
OR	The Willamette Farm and Food Coalition will expand and promote Lane Local Foods, an online farmers market, and diversify the customer base for the Lane County Farmers Market. It will promote the market with advertising and outreach. The project will engage at least 75 volunteers in customer support and education activities, double retail sales, add 10 additional producers and SNAP sales capability to Lane Local Foods, introduce 200 new low-income customers to the markets, and increase overall and SNAP sales for Lane County Farmers Market.	\$95,880
PA	Boalsburg Farmers Market will establish a procedure to accept SNAP benefits, increase the number of its cooking demonstrations, enhance its social media presence, expand its school outreach programs, and increase its visibility and sales through increased advertising and publicity and improved signage.	\$28,171
PA	Greater Easton Development Partnership will create and promote a new indoor public market, the Easton Public Market; as well as continue promotions for the existing Easton farmers Market. The project will also implement a "Meet Your Farmer" classroom education program to expose students to nutritional programming as it relates to local farmers and their markets.	\$97,920

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
PA	Just Harvest Education Fund will install and operate electronic transaction kiosks at nine farmers markets in and around Pittsburgh and provide critical guidance and technical assistance to two others. More than 80 local farmer/producers will be helped to boost sales volume through access to electronic purchases with SNAP/EBT cards as well as regular credit and debit cards. In addition, it will provide guidance as needed to potential new markets wanting EBT access and will help two struggling markets expand by better responding to potential demand from new immigrant communities. As a result of the project, total sales at the markets will be \$110,000, with 40 percent of these being SNAP/EBT transactions.	\$99,950
PA	The Rodale Institute will create Allentown Organic farmers Markets, two urban organic farmers markets. The project will open two new direct-marketing opportunities for up to 16 regional organic producers, increase access to organic fresh food, create two jobs and two annual internships, and provide marketing and EBT training for up to 16 producers. It will present a cooking class series attended by 100 community members, and mount a Healthy Eating Challenge completed by 50 community members.	\$99,742
PA	South Central Community Action Programs will develop a work plan that increases sales of agricultural products, stimulates agritourism activities, expands EBT and FMNP access throughout Adams and Franklin Counties, and increases vendor expertise in producer-to-consumer direct marketing. It will increase vendor sales and build confidence in how a thriving farmers market contributes towards the success of area farmers. The project will implement a vendor recruitment program, an annual vendor meeting, conduct consumer and vendor surveys, review survey data, schedule independent farm stand meetings to target increased rural access for FMNP and EBT services (Adams & Franklin counties), and develop an annual marketing plan.	\$82,202

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
PA	The Food Trust will develop a model of collaboration between five farmers markets and faith-based institutions to strengthen farmers markets and increase outreach to underserved populations. It will educate congregations at houses of worship about nutrition, conduct tours of farmers markets, and promote and support the markets to them, and conduct workshops and webinars for market managers and distribute print guides and tip sheets for vendors.	\$96,360
RI	The Southside Community Land Trust will recruit and train urban farmers in the Providence Urban Farmer Network to raise and sell produce at farmers markets and CSAs. It will also offer classes in choosing healthy food options available for purchase directly from farmers and expand its Web site to include nutrition, cooking, and local food options.	\$83,856
RI	Thunder Mist Health Center will enhance its summer farmer's market and expand the market to be open year round. It will conduct outreach and engagement activities to improve attendance of and increase purchasing by low-income families, including those receiving WIC, SNAP, and Senior Coupons. The market will accept SNAP and WIC year round. Four local farms will support the summer/fall outdoor market and six local farms will sell at the winter/spring indoor market. Vendors will increase sales by 25 percent, SNAP sales will increase by 15 percent, and 12 jobs will be retained.	\$84,017
SC	Family Health Centers, Inc. will recruit additional farmers for its farmers market and expand the customer base through outreach at community hubs and by providing nutrition education to encourage healthy and fresh food consumption. FHC hopes to expand farmer retention/participation from two to eight by 2016, provide nutrition education to at least 15 church congregations, and increase the number of customers from 4,500 in 2013 to 5,500 by 2016.	\$84,119

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
SC	SCF-Organics Farms, Ltd. will create a farmer's market stand with climate-controlled transportation to offer fresh organic produce, mobile nutrition education/cooking demos, and SNAP/EBT sales hosted by partner churches, schools, parks, hospitals, and other distribution points. The mobile market will reach USDA Strike Force Initiative zones, food deserts, and low access and low income populations.	\$85,600
SD	Dakota Rural Action will recruit vendors and customers for the South Dakota Local Foods Cooperative. The project aims to increase the number of co-op members and sales. Membership will increase from 240 to 325, have 50 producers commit to selling products through South Dakota food hub, and double Co-op sales. The project will also work on expanding the Co-op's presence in South Dakota's Local Food Hub and Farm to School program. The project will create systems/technology to sell Co-op member products to institutions and increase the amount of local food sold to institutions from none to 10 transactions.	\$40,000
TN	Long Hungry Creek Farm will create a farmers market and a CSA program in Red Boiling Springs, TN, and provide training via conferences, lectures, workshops, classes, consultations, an internship program, print materials, and online media to help local farmers become vendors in the market. Training will include 80 farm tours, a day-long pre-conference workshop, and a lecture at the North American Biodynamic Conference.	\$99,973
TX	The project will improve and expand the Denton Community Market by providing needed infrastructure and establishing SNAP benefits; increasing awareness through local and regional advertising and promotion; and benefit vendors through training and technical assistance opportunities. The goals are to increase the number of visitors to the market by 50 percent from a baseline of 500-1,000 visitors a week, double the number of growers and vendors from the baseline of 25 vendors per week, and improve annual sales revenue by 50 percent from a baseline of \$215,000.	\$77,871

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
TX	Texarkana Farm to Table Initiative will increase use of SNAP and WIC benefits through increased promotional activities targeting low income communities; launch a new mobile farmers market with four additional market locations; and expand the farm-to-table program to train new urban farmers in entrepreneurial skills, value added food preparation, and nutrition. Deliverables include 18 farmer/producer beneficiaries, 20 farm-to-table program graduates, and 4 new market places.	\$93,746
TX	The City of Winnsboro, TX, will expand advertising and add EBT benefits and special educational events to increase awareness, visibility, traffic, and sales of the Winnsboro farmers Market. The funding will also provide training and conference stipends to farmers/vendors, who demonstrate dedication to growing and actively participating in the market, to improve their business skills and new marketing opportunities. The farmers market benefits 16 producers/vendors. Advertising is expected to directly reach 8,580 homes per year, including low-income families.	\$61,869
TX	Sustainable Food Center (SFC) will form a collaborative stakeholder group of farmer's farmers markets, farm stands, and community supported agriculture (CSA) farms to spearhead the Buy Fresh Buy Local campaign for Central Texas. SFC will create a Buy Fresh Buy Local seal of assurance of quality to collaboratively promote and increase sales/consumption of locally grown food. It is expected to benefit 148 farmers markets and farm stands, and a dozen CSAs and to grow market sales by at least 2 percent for charter markets.	\$100,000
TX	Texas Health Harris Methodist Azle will establish a farmer's market as part of its Healthy Eating Initiative. FMPP funds will be used to hire a market manager to organize and implement the farmers market; and to provide equipment, marketing, and signage to promote the market. The market is expected to host six to ten vendors, and serve approximately 150 people at the weekly market.	\$82,779

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
TX	The Greater East End Management District will establish a Farmers Market with SNAP/EBT operations in the Second Ward neighborhood of the East End in Houston, Texas, and provide microenterprise training for establishing market stalls to assist urban farmers. This project will improve access to fresh, locally grown food for the community of 14,126 persons, with 79 percent Hispanic and 39 percent below the poverty level. This project aims to generate enough funds to become a self-sustaining market with trained management and active vendor participation.	\$70,001
TX	"Growing Customers and Vendors at Vickery Meadow Local Market" will create a new seasonal weekly farmers market in the ethnically diverse and low-income Vickery Meadow neighborhood of Dallas, with a new EBT program and outreach to SNAP customers. The new market is expected to benefit 30 vendors, including 15 agricultural producers, and bring in at least 1000 customers overall with at least 50 SNAP sales per market day. In addition, the market will create a minimum of 15 part-time jobs, be self-sustaining with gross revenues of \$12,000, and foster meaningful cultural and social exchanges improving access to healthy food and quality of life in the region.	\$78,565
VA	The Shenandoah Valley Fields of Gold Agritourism Program will develop and deliver a concise and comprehensive Fields of Gold marketing message to collectively promote the abundance of the Shenandoah Valley's agricultural products, destinations, and experiences. An agritourist coordinator will be hired to streamline the implementation of marketing and business support activities, outreach, and promotions; and organize the annual meeting for the Fields of Gold network and grow the network. The project directly benefits its 156 member farms and businesses, and improves tourism for its 13 localities and 16 farmers markets.	\$93,674

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
VA	The City of Alexandria, VA, will implement direct marketing of agricultural products for local and regional farmers at the Old Town farmers Market; increase SNAP/EBT usage for food purchases; and implement a sustainable gleaning program using mainly bicycles to transport donated produce to area shelters. The project benefits 85 farmers/producers and aims to increase their sales by 20 percent. The project aims to increase SNAP customers by 30 percent from a baseline of 156. The project will increase access to healthy and local produce for Alexandria's low-income residents through a donation of 5,000 pounds of regionally-grown fresh fruit and vegetables from its gleaning initiative.	\$94,249
VA	The City of Lynchburg will design branding and a local food promotion campaign. The Lynchburg Community Market will add an EBT machine and advocate SNAP redemption through increased targeted outreach. Expanded marketing should draw more of the 75,000 Lynchburg citizens to the market. The increased market attendance would benefit the 29 producers and 60 value-added vendors.	\$81,298
VA	"Four County Foods" has four goals: 1) support the continued growth of three markets and assist in the start-up of a newly re-launched fourth market; 2) promote direct marketing during the market off-season; 3) improve access of local foods for seniors, children, low-income families and other underserved populations residing in food deserts; and 4) engage young and aspiring market vendors and create market internships with a scholarship stipend. The project continues Highland Center's efforts to revitalize the economically challenged Alleghany Highlands region, which spans 2,586 square miles with a declining population of fewer than 23,000. The project connects the community to its farmers, enhances agritourism, and encourages healthy eating habits and local foods purchases.	\$97,810

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
VA	The Mid-Atlantic Gleaning Network (MAGNET) will establish a network of 20 farm stands in low income communities in the Washington/Baltimore region to direct-market 350,000 lbs. of fresh nutritious produce and other agricultural products at affordable prices (25% of prevailing retail prices). Produce will be produced by contract growing agreements, joint ventures with local farmers, and vegetable production on MAGNET Farms land in Clinton, MD, and CAF Property in Riverdale, MD. This greatly improves access to fresh produce in low-income, diverse, and food dessert communities in 10 counties and 2 cities. This project supports 20 contract growers, 10 farm/orchards in the MAGNET network, and 8 part-time staff positions as well as 20 stand operation positions.	\$99,995
VA	Pulaski County will expand advertising and marketing for "The Marketplace" with paid internet and radio ads, editorial placements, newsletters, etc. The Marketplace Manager will also design producer/vendor recruitment packages and work with cooperative extension agents and known value-added aggregators to reach additional prospective vendors. The Marketplace currently has 15 vendors and the target is to recruit 15 more in 2015 and 10-15 more in 2016. The Marketplace currently averages 80 marketplace attendees per week and the additional promotions will increase that to 120 per week.	\$57,000

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
VA	The Town of Pearisburg has partnered with Virginia Cooperative Extension, restaurants, and farmers to educate the community about regional food systems. The project will establish and promote a new Farm to Fork outdoor, seasonal farmers market for producers only. It is anticipated that 8-10 producers will participant in the first year, with 4-6 additional producers in the next year. It is anticipated that an average of 200 customers will attend each week, thereby generating an estimated \$52,000 in gross sales for producers. The Town of Pearisburg will continue its community collaborations in cooking classes, chef demos highlighting local foods, and year-round educational opportunities, as well as introduce a new monthly newsletter publication that will reach a minimum of 700 people each month.	\$99,897
VT	Northeast Organic Farming Association of Vermont will conduct outreach to increase knowledge of direct markets and provide consumers with pricing information; organize on-farm experiences to engage consumers in direct markets; and provide resources and educational opportunities for producers to grow direct-to-consumer farm businesses. The increased marketing and market opportunities will benefit 90+ CSA farms, 60 farmers markets with an estimated 28 vendors each, and 115 farmers with farm stands.	\$92,362
VT	Vital Communities, Inc. will create a visible campaign in support of Vermont/New Hampshire farms in the Upper Valley; provide print, web, and social media marketing; collaborate with a sister regional food system support organization to share consumer education materials for a five-county region; and create consumer education and marketing tools that will directly affect producer sales at worksites, farmers markets, CSA farms, and farm stands. The consumers will benefit from the increased education on local food and food preparation, thereby increasing purchase of local foods from the 160 vendors in the area, who, in turn, benefit from sales increases of at least 5 percent across all outlets.	\$79,193

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
WA	The Bremerton Farmers Market's Accepted Here! Project will implement and expand use of SNAP / EBT and Farmers Market Nutrition Program (FMNP) at all eight area farmers markets (currently five of the eight accept benefits) and form a new Kitsap Farmers Market Coalition for collective impact. This will expand vendors and customers participating in farmers market due to the improved efficiency, collaboration, training, and awareness of the benefits; and increase sales by at least 10 percent for approximately 40 farmers.	\$16,966
WA	Pike Place Market Preservation and Development Authority (PDA)'s Pike Place Market Express Market Initiative operates small-scale farmers markets in five dense urban neighborhoods with concentrations of low-income residents around downtown Seattle with low-access to fresh local produce. FMPP funds will be used to purchase necessary equipment to facilitate the project.	\$43,500
WA	The Sunnyside Farmers Market will promote emerging Latino farmers by developing a Lower Yakima Valley - Sunnyside Farmers Market. The project aims to build relationships between farmers, community partners, and low-income and general consumers. The project will assist producers who want to build capacity for and improve their marketing skills. The all-encompassing goal is to benefit a minimum of 2 growers with projections to assist up to 6, by delivering training to expand their knowledge and experience about direct to consumer sales. Market will operate within low-income, low-access area. The project will also engage in informing, and instructing consumers about healthier nutrition and suitable use of produce.	\$83,128

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
WA	Sustainable Connections will collaborate with Bellingham Farmers Market to increase attendance and sales through SNAP outreach, and increased activities such as culinary agritourism and seasonal market product demonstrations; and grow farmer membership through increased training and resources. Project goals include increasing farm vendors participating in the winter market to 20 growers, increasing number of low income shoppers using SNAP benefits to 450 per month, and increasing winter market gross sales to \$30,000 by 2016 and total Bellingham Farmers Market and Eat Local First participants' direct sales to \$100,000 per year. This project benefits 110 farmers and will increase overall promotions and sales for more than 200 farmers, fishers, and food entrepreneurs.	\$87,643
WA	Washington State University Small Farms Program will provide training in effective market promotion strategies and best practices in market management through workshops and the Market Management Toolkit; create a market directory; and pilot a rack card that promotes markets statewide and leverages local markets for distribution. This project will benefit over 100 farmers markets and 1,200 unique farmer vendors located in a wide range of communities, from metropolitan Seattle and the Puget Sound, to more rural areas of central and eastern Washington.	\$98,372
WI	University of Wisconsin will study barriers to EBT program utilization by SNAP recipients with a survey in several languages. It will disseminate its findings via a webinar to farmer's market managers and community partners. The results will yield information pertinent to creating appropriate training strategies and support for market managers. The project will further develop educational tools to reduce those barriers and increase SNAP redemptions.	\$92,800

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
WI	The Crawford County Economic Development Corporation will increase capacity at three existing farmers markets and create a new farmers market in an unserved municipality of Crawford County. All the markets accept EBT. The project will conduct business training for vendors and promote the markets with an advertising campaign that includes: radio, print, billboards, and signage.	\$99,179
WI	The Downtown Fond du Lac Partnership will relocate and expand the Downtown Fond du Lac Farmers Market through an extensive marketing campaign. The expansion of the market will include 18 educational activities a year, such as food preparation demonstrations, canning and preserving demonstrations, and agricultural seminars. The marketing campaign will result in a 25 percent increase in EBT sales and will increase market sales by 25 percent. Weekly attendance will be increased by 1,000 visitors per day.	\$60,505
WI	Home Grown Cow, a web-based market for meat and cheese, will create a promotional campaign to quadruple the number of farmer participants and consumers. The campaign will include an outreach component to educate consumers on the affordability and importance of local agriculture, and educate farmers on the revenue stream e-commerce direct-sales can provide. The outreach will consist primarily of feature articles and blogger recommendations. The project will also enhance the current Web site and produce educational videos for farmer participants.	\$88,630
WI	Janesville Farmers Market will outreach to low income individuals through increased nutrition education augmented by SNAP/EBT brochures in English and Spanish. The market will also increase volunteer and vendor recruitment and training for better retention. The market will purchase 2,000 additional EBT tokens to support the market's existing EBT program. The program will expand the Saturday market from 92 to 147 vendor stalls, increase customer attendance by 65 percent and SNAP redemption by 200 percent.	\$74,337

FY 2014 Farmers Market Promotion Program Awards		
State	Recipient and Purpose	Award
WI	The Western Dairy Land Economic Opportunity Council will assist the Black River Falls, Whitehall, and Arcadia farmers markets with vendor recruitment and marketing by providing strategic planning and marketing assistance to the market managers, and by providing business counseling and marketing plan development assistance to the existing vendors to develop branding and product diversification and then providing business classes and business plan development assistance within the local communities to develop new agricultural and value-added agricultural businesses that can use the farmers markets as a sales venue. The project will create twelve new jobs and retain twelve (12) current jobs, while increasing capacity for vendors and customers.	\$59,884
WV	Physicians' Pharmacy program will enable four Eastern West Virginia farmers markets with EBT capacity and roll out a new mobile market targeting a food desert community. The project will develop culturally appropriate nutrition marketing and educational material for SNAP, WIC, and Senior target populations disseminated to physician offices at participating clinics, hospitals, and community agencies. The material is expected to aid 100 doctors and nurses in reaching an estimated 3,500 to 5,000 SNAP, WIC, Seniors, and Veterans to participate with over 60 farmers at the four markets.	\$100,000
WV	West Virginia Community Development Hub and West Virginia Farmers Market Association will develop the "Vendor Launch" training program on marketing, business planning, finances, postharvest handling, food safety, and long-term growth. The pilot "Vendor Launch Boot Camp" training will be offered to 20 new vendors and replicated at least 6 times each year at regional events, with individual training opportunities at 2-5 additional events. An additional "toolkit" will also be offered to participants and association members. The program will create 46 new jobs and fully-trained participants are expected to see an average 25 percent increase in sales.	\$81,164

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
AK	Tyonek Tribal Conservation District will increase domestic consumption and access to locally produced food products in rural Alaska Native Villages and develop new market opportunities for Tyonek and Alaska Native Farms serving a local market.	\$83,290	Implementation
AL	Food Bank of North Alabama will assess the feasibility of a processing facility to process and flash freeze locally grown produce in North Alabama.	\$24,020	Planning
AL	Monroe Business Ventures, LLC who on behalf of the Eastern Alabama Wineries Association, will evaluate the feasibility of purchasing and operating a mobile wine bottling unit for use by small scale wineries in the Eastern region of Alabama.	\$24,000	Planning
AL	REV Birmingham will improve and expand their micro-distribution system and invest in key infrastructure and equipment needs.	\$100,000	Implementation
AR	La Lucha Space, Inc. will create a food hub in Conway, Arkansas, to train a food hub specialist, and develop infrastructure capacity that will enhance the community's local food system.	\$68,770	Implementation
AZ	Arizona State University researchers will develop a regional food system strategic plan focused on New Mexico and Arizona by identifying assets and best practices.	\$23,263	Planning
AZ	Community Food Bank, Inc. in southern Arizona will provide technical assistance to institutional buyers and facilitate a cooperative to aggregate and market locally grown food.	\$100,000	Implementation

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
AZ	International Rescue Committee, Inc. (Arizona) will help farmers access, aggregation and delivery methods to connect with small retail outlets throughout Phoenix, Arizona, that currently lack fresh fruits and vegetables.	\$100,000	Implementation
AZ	Local Alternative Inc. will improve business operations in sourcing local ingredients for innovative processed products.	\$99,925	Implementation
AZ	Rezo Nation Farm, Inc. will serve as an intermediary between local beekeepers and buyers by aggregating, processing, marketing, and distributing honey products to meet the demand of local/regional food markets in Southern Arizona.	\$99,737	Implementation
CA	18 Reasons will complete market research, write a business plan, and develop a workable model for the 18 Reasons Café and Cannery, a local food enterprise that will create a culinary skills and leadership job training program for members of low access/low income communities.	\$25,000	Planning
CA	Alameda County Resource Conservation District will perform a needs assessment for a three-county area in San Francisco's East and South Bay regions to quantify and characterize producer need for expanded or enhanced secondary processing of livestock products.	\$21,261	Planning

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
CA	California Institute for Rural Studies will help Merced County growers conduct a feasibility study to determine the use of a local aggregation and cold storage facility, commercial kitchen/processing plant, distribution hub and other infrastructure. The project will also measure interest in developing a local label or participating in the "Buy Fresh Buy Local" initiative.	\$25,000	Planning
CA	Farm Fresh To You will help fund their Food Hub Donate-A-Box program. Based in their existing Food Hub, customers can go online to donate local produce to the participating food bank or organization of their choice in the greater Sacramento, Yolo County, San Francisco, Los Angeles and San Diego areas.	\$100,000	Implementation
CA	Capay Valley Growers, Inc. will enhance business processes and infrastructure at their food hub in Northern California.	\$97,985	Implementation
CA	Desert Mountain Resource Conservation and Development Council will establish the Owens Valley Growers Cooperative Center including a food hub and a certified shared kitchen facility for value-added product development in the Eastern Sierra Region of California.	\$89,699	Implementation
CA	Ecological Farming Association will assess the feasibility of opening a Federally-inspected multi-species slaughter and cut-wrap facility in the California Central Coast Region.	\$25,000	Planning
CA	Family Service Association will double capacity for mobile local food distribution and sales in low income low access areas of Southern California.	\$100,000	Implementation

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
CA	Fresh Approach will improve supply chain management and low income-low access customer engagement for their mobile market through technology and social media.	\$99,870	Implementation
CA	Great Northern Corporation will conduct a feasibility study regarding the potential for a local food center in Siskiyou County, California.	\$11,744	Planning
CA	Inquiring Systems Inc. will complete a feasibility study for a Santa Barbara Cooperative Farm Food Hub and develop a strategic plan that addresses specific infrastructure needs.	\$24,662	Planning
CA	Jacobs Center for Neighborhood Innovation will conduct research and planning activities and produce a business plan for a Food Innovation Center, which will include a shared kitchen and will range and distribution utilities for multiple start-up food enterprises.	\$25,000	Planning
CA	Local Bounty (a community supported fishery) will source and deliver high quality, local, sustainable seafood to individuals and families and school lunch programs throughout Central California.	\$99,968	Implementation
CA	Make Someone Happy will expand capacity for mobile local food distribution and sales in low income low access areas California's Central Valley.	\$100,000	Implementation
CA	Mandela Fresh Foods Distributors will expand aggregation and sales activity of the Mandela Market Place Local Food System and implement an information technology system.	\$90,580	Implementation

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
CA	Pacific Coast farmers Market Association will assess the market for fresh produce among direct marketing food entrepreneurs, identify the barriers of purchasing local produce by food entrepreneurs, determine interest in and feasibility of an e-commerce system for local produce purchases by food entrepreneurs, and assess marketing opportunities for food entrepreneurs featuring source-identified fresh produce in their products.	\$24,980	Planning
CA	ShareKitchen will develop a local brand and marketing plan to unify their food product enterprises, create a virtual food hub, re-launch a community pop-up market in the city of Coachella, and establish two new incubation programs to provide training and technical assistance.	\$97,590	Implementation
CA	South Central farmers Health and Education Fund will improve its processing capacity for expanded production of culturally important foods in South Central California.	\$100,000	Implementation
CA	Tahoe Food Hub, Inc. will expand an existing regional food production scheduling and distribution system in North Lake Tahoe (Sacramento, El Dorado, Butte, Yuba, Nevada, Placer, Lassen, Plumas and Sierra counties).	\$100,000	Implementation
CA	Trust for Conservation Innovation to fund its Food Commons Fresno "Smart" Food Hub. Activities will include creation of an online inventory and purchasing system; establishment of a physical location for aggregating, sorting, packaging, and distributing; recruiting producer/suppliers; and implementing a delivery system.	\$99,600	Implementation

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
CA	Youth Policy Institute's Los Angeles Promise Zone will institute multiple Community Supported Agriculture sites to low income-low access buyers of locally grown produce.	\$100,000	Implementation
CO	Mancos Valley Resources will build upon an existing, successful local food distribution system model, including a distribution strategy consisting of a decentralized or "cloud"-based infrastructure rather than utilizing a central food hub-style warehouse.	\$70,000	Implementation
CT	CLICK, Inc. (Commercially Licensed Cooperative Kitchen) will market its facilities to local farmers and local culinary entrepreneurs, and also create a Farmer/Culinary Entrepreneur's Processing Initiative to increase the production and processing of local foods.	\$98,110	Implementation
CT	Harford Food System, Inc. will enhance the Hartford Mobile Market, a year-round mobile produce market for low-income Hartford neighborhoods	\$100,000	Implementation
CT	Noank Community Market Local Meat Initiative will connect meat and poultry farmers in southeastern Connecticut to consumers in the Noank Community Market retail store.	\$75,072	Implementation
CT	United Way of Southeastern Connecticut will determine if a food hub in New London County, Connecticut, is feasible and sustainable.	\$25,000	Planning

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
CT	Wholesome Wave will pilot a food hub distribution network, TradeNet, which will provide regional food hubs with three critical services: centralized sales and marketing services, business technical assistance, and a region-wide ordering IT platform for food hubs throughout a multi-state region selling local food to wholesale distributors.	\$100,000	Implementation
FL	Broward Regional Health Planning Council, Inc. will enhance local/regional food distribution efforts and connect regional farmers to local food business enterprises by creating a central marketplace. They will also help to entrepreneurs incubate specialty foods and value-added agricultural products in the Broward, Palm-Beach and Miami Dade local food region.	\$99,052	Implementation
FL	Farmworker Association of Florida, Inc. will establish community gardens in farmworker communities and to improve farmers markets within targeted low income, socially-disadvantaged communities.	\$100,000	Implementation
FL	Southern Sustainable Agriculture Working Group will help North Central Florida farms to create a Farm Cooperative to combine purchasing, marketing and sales to reduce costs and reach a broader local marketplace.	\$20,000	Planning
FL	St. Petersburg Saturday Morning Market will analyze market demand for a food hub and determine the best business model. A feasibility study will recommend ways to reduce barriers and increase local food supply at fair prices and create a sustainable business model.	\$23,000	Planning

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
GA	Athens Land Trust's Local Food Connection Program will create a brand and establish a Community Supported Agriculture program that will deliver to local restaurants and institutions. The project will also work toward a shared-use incubator kitchen for producers of value-added products.	\$99,754	Implementation
GA	Metro Atlanta Urban Farm to Metro will help the Georgia Farmers, Producers, & Buyers Center conduct a feasibility study to investigate the economic viability of a farmer cooperative, training center and community kitchen; to develop a comprehensive business plan; and to disseminate and market the results of the study.	\$24,740	Planning
GA	Development Authority of Macon County in Georgia will conduct a feasibility study of a local and regional food business enterprise to develop a goat meat production facility.	\$25,000	Planning
GA	Food Bank of Northeast Georgia will help the Northeast Georgia Food Hub create a business plan that will identify key farmer partners; develop aggregation opportunities; identify core hub services; create a staged plan for hub operations; and create hub financial projections.	\$25,000	Planning
GA	Global Growers Network food hub will expand their urban and rural local producer network in the metro-Atlanta area. Specifically, the grant will support leadership, infrastructure, logistics, farmer network training, and marketing outreach to launch 2015 food hub operations.	\$88,390	Implementation

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
CA	Healthy Living Farm will develop a business plan, marketing analysis and a food safety/food management manual to provide marketing opportunities, training/mentoring and greater food distribution access for rural farmers in the southwest Georgia region.	\$25,000	Planning
HI	Adaptations food hub on Hawaii Island will improve outreach to farmers regarding quality control measures, grading, and packing; sourcing new producers; further developing a new online marketplace; assessing the quality of current services while expanding the customer base; and improving customer service.	\$75,068	Implementation
HI	Kohala Food Hub in Hawaii will help producers and consumers aggregate local produce. They will also provide food processing services as well as branding, marketing, and distributing assistance.	\$99,490	Implementation
HI	Holoholo General Store will create Oahu's first sustainable food hub by increasing its capacity for Community Supported Agriculture subscriptions and adding capabilities for distribution to restaurants, institutions, and retailers.	\$99,165	Implementation
HI	Sustainable Molokai will develop the Molokai Food Hub. Activities include developing a Molokai Brand logo, outreach and education, connecting with off-island markets, and determining the demand (and how to meet the demand) for local products.	\$98,410	Implementation
IA	Eat Greater Des Moines will pilot a wholesale-level aggregation and distribution system for locally produced food products in the metro Des Moines area.	\$25,000	Planning

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
IA	Golden Hills RC&D will develop a cooperative poultry aggregation, processing and marketing model in southwest Iowa to increase regional consumption of, and access to, locally produced poultry.	\$77,356	Implementation
IA	Upper Explorerland Regional Planning Commission will implement a regional branding campaign to further increase local food recognition on grocery store shelves within its 150 mile service area, in partnership with the Iowa Food Hub.	\$88,000	Implementation
IL	Angelic Organics Learning Center will develop a feasibility study and strategic business plan for aggregation of local food and farm products in six emerging markets, including at least three located in low-income and low-access urban areas in northern Illinois.	\$24,990	Planning
IL	Belli's Local Foods Market Expansion will develop their local fruit and vegetable juice production capacity and enhance their local food market storefront and juice bar.	\$30,829	Implementation
IL	Black Oaks Center will develop new market opportunities for farm and ranch operations in the Pembroke, Illinois, and area by improving the Healthy Food Hub's existing food system facilities by providing training, working capital, and non-construction infrastructure improvements.	\$100,000	Implementation
IL	Good Food Business Accelerator Program, a technical assistance, marketing, and market development program designed to improve Chicago food shed local food business enterprises along with the skills of producers who supply them.	\$99,673	Implementation

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
IL	The Farm Logix, LLC. Organizations will build out their online supply chain portal and coordinate distributor relationships for school-purchased products.	\$100,000	Implementation
IL	McHenry County Food Cooperative will conduct a market study and location analysis for a new member-owned and operated food cooperative grocery store that will emphasize locally grown and produced foods.	\$20,250	Planning
IN	Flowshares, a community economic development project, will develop a local food aggregation, processing and distribution system for local consumption, while creating jobs and job training for new food workers.	\$25,000	Planning
IN	Purple Porch Co-op (PFC) will develop partnerships with local producers, increase physical storage capacity and develop a strategic marketing plan.	\$99,572	Implementation
IN	This Old Farm, Inc. will increase awareness about the availability and need for local food and markets in Indiana by creating product lines and brand images to develop a comprehensive marketing plan.	\$100,000	Implementation
KS	Kansas State University will explore options for connecting low-income neighborhoods with local food sources in the Saline County area of central Kansas.	\$24,886	Planning
KY	Berea College's Grow Appalachia program will implement a local food hub at the site of the former McCreary County Detention Center.	\$76,774	Implementation

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
KY	Four Hills Farm, LLC, will strengthen the supply chain, expand market opportunities for partner farms, and double the number of lambs processed and sold in the bluegrass region of Kentucky.	\$75,000	Implementation
KY	Kentucky Blueberry Growers will expand local market opportunities, improve warehouse and marketing facility efficiency, and provide community outreach.	\$99,783	Implementation
KY	Seed Capital Kentucky, Inc. will assist the West Louisville Food Hub in increasing the purchase and distribution of local and regional food and creating jobs in an economically distressed area through development of space and infrastructure.	\$25,000	Planning
LA	MOVN Community Development Corporation's VEGGI farmer's Cooperative will improve internal agricultural and handling practices and expand direct marketing and promotion to consumers and buyers in New Orleans East.	\$75,300	Implementation
MA	Central Massachusetts Regional Planning Commission will investigate the feasibility of establishing a regional food hub in Southwestern Worcester County.	\$25,000	Planning
MA	Community Teamwork Inc. will distribute local produce to low-income consumers; provide training and technical assistance for producers; and increase income for under-resourced farmers.	\$99,685	Implementation
MA	Dorchester Bay Economic Development Corporation will redevelop the Pearl hotdog factory into a multi-tenant food production small business center and kitchen incubator to promote small business, create jobs, improve access to healthy food, and strengthen the regional food economy.	\$100,000	Implementation

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
MA	Dorchester Community Food Co-op will create affordable pricing and product mix strategies, pilot a new "farmer-owner" membership model, recruit and educate a pool of local residents as future worker-owners in the co-op store, and hire a seasoned general manager.	\$25,000	Implementation
MA	Franklin County Community Development Corp. will facilitate the expansion of Western Massachusetts Food Processing Center's production capacity and enable them to increase the availability of locally grown food in the region throughout the year.	\$100,000	Implementation
MA	Hill town CDC will complete a market study on the viability of expanding the Old Creamery Cooperative in Chestertown, Massachusetts to increase sales of local farm products.	\$25,000	Planning
MA	Lutheran Social Services in the Worcester and Springfield areas of Massachusetts will aggregate the produce of 30 small-scale, immigrant and refugee farmers, which will then be distributed to and sold at farm stands, farmers markets and Community Supported Agriculture farm share programs.	\$98,500	Implementation
MA	Mayor's Office of Boston Food Initiatives brings diverse organizations to the table with the goal of creating a vision for Boston around food production and distribution.	\$25,000	Planning
MA	Red Tomato will research and plan traceability and labeling system that meets requirements of wholesale produce customers; improves on-farm efficiency in data management; and links consumers directly to farm identity and marketing.	\$20,225	Planning

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
MA	Southeastern Massachusetts Livestock Association (SEMALA) will build and operate a USDA-certified slaughtering and meat processing facility.	\$25,000	Planning
MD	Civic Works will expand and improve its current Mobile Farmers Market program by increasing personnel, storage infrastructure, and enhancing promotional market materials.	\$99,411	Implementation
MD	Crossroads Community Food Network will train 60 aspiring food entrepreneurs in their Microenterprise Training Program, grow 25 new businesses through their Community Kitchen Technical Assistance Program, and strengthen markets for locally grown and locally produced food by working with producers and retailers.	\$99,430	Implementation
MD	ECO City Farms will expand an existing low income farm share/ Community Supported Agriculture program and create an incubator market to help new local micro farmers and food entrepreneurs through technical assistance and opportunities for marketing at a new weekly on-farm market.	\$100,000	Implementation
MD	International Rescue Committee, Inc. of Maryland to research, design, and implement a community-based cooperative that would allow refugee and asylee micro producers' access to local markets by pooling products and resources.	\$25,000	Planning

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
ME	Good Shepherd Food Bank will develop food acquisition partnerships with Maine farmers operating in or adjacent to the five remote rural counties that border Canada, including increasing capacity to store, preserve and distribute produce in the winter; expanding direct farm-to-pantry food distribution hubs; to piloting two new fresh produce processing partnerships; and increasing the safety and efficiencies of perishable food transport practices and systems.	\$100,000	Implementation
ME	The Greater Portland Council of Governments will conduct a feasibility study about how to increase farmer and fishermen access to institutional markets, including schools, colleges, universities, hospitals, and summer camps.	\$25,000	Planning
ME	Grow L+A will conduct a feasibility study to determine food demand and supply dynamics in the Lewiston-Auburn region of Maine with the intention of developing a viable, sustainable food hub.	\$25,000	Planning
ME	Kennebec Valley Council of Governments will support The Pickup, a multi-farm Community Supported Agriculture program, to expand its customer base in terms of organizational, marketing and electronic sales capacity.	\$76,500	Implementation
ME	Maine Farmland Trust will develop a food hub in Unity, Maine, by increasing capacity for aggregation, processing and marketing services, while also providing technical assistance.	\$99,999	Implementation
ME	Plowshares Community Farm Inc. will institute a comprehensive marketing campaign and improve aggregation and storage infrastructure.	\$97,452	Implementation

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
ME	Sunrise County Economic Council will conduct a feasibility study to articulate key factors that contribute to the viability of local food markets in Washington County, Maine, with the hopes of determining a clear set of actions and metrics to stimulate development and expansion of local food markets and distribution systems in the area.	\$24,321	Planning
MI	City of Farmington Hills will develop a comprehensive feasibility study to revitalize the Grand River Corridor by providing local, healthy food distribution and education in a renovated historic building near the area's biggest employer, the Botsford Hospital.	\$25,000	Planning
MI	Fair Food Network will identify and provide business assistance to food system enterprises in the Northeastern U.S. to help small and mid-scale farms access new markets; develop new products; improve access to local food for communities; create jobs as the enterprises grow; and prepare enterprises for growth financing from Fair Food Fund.	\$100,000	Implementation
MI	Goodwill Industries of Northern Michigan, Inc. will assist in the expansion of their Farm to Freezer aggregation and distribution program.	\$100,000	Implementation
MI	Growing Hope will help the Ypsilanti Market Hub to develop business plans and partnership/operational agreements to increase distribution to corner stores; mobile markets, farm stands, and Community Supported Agriculture-style boxes; an incubator and processing kitchen; and expanded aggregation/packing facilities.	\$24,794	Planning

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
MI	Little Traverse Bay Bands of Odawa Indians will create two strategic plans for their Tribal Farm, Ziibimijwang, with the hopes of creating either a Tribally Supported Agriculture Network or selling the crops at the local farmers markets (depending on the results of the feasibility study).	\$25,000	Planning
MI	Tuscola County Economic Development Corporation will complete a market, production, and infrastructure analysis to identify and implement strategies to create a food hub.	\$6,074	Planning
MN	Hmong American Farmers Association will expand and improve its Alternative Markets Program, which trains and supports small scale, low income, and urban-dwelling Hmong farmers to access new markets in the Twin Cities metropolitan area.	\$100,000	Implementation
MN	Lower Phalen Creek Project to plan a new local food business offering catering services and value-added food products to diverse communities in St. Paul, Minnesota, that will focus on "farmer seconds" (imperfect produce) to be processed into prepared meals and value-added products.	\$24,850	Planning
MN	Minnesota Valley Action Council will operate a Food Hub and expand their processing services.	\$100,000	Implementation
MN	North Central Economic Development Association will expand their regional food hub into an indoor year-round market place.	\$99,500	Implementation
MN	Stone's Throw Agricultural Cooperative will expand local vegetable and meat sales in the Twin Cities area sourced from low-income immigrant farmers by supporting new personnel and implementing an online ordering and tracking system, among other operational activities.	\$99,000	Implementation

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
MO	Fair Shares will develop new markets for a Community Supported Agriculture program in St. Louis and will purchase more food from small local farms through advertising, delivery and refrigeration.	\$100,000	Implementation
MO	Root Cellar Grocer, LLC, a food hub based out of Columbia, Missouri, will expand to three additional micro-retail locations and create an integrated distribution approach.	\$100,000	Implementation
MO	St. Louis Farmers Association will expand existing local food business enterprises; provide technical assistance, advertising, and marketing assistance; and establish a model for other cities and rural areas around the state.	\$91,000	Implementation
MS	Soul City Hospitality's Central Mississippi Food Hub project will open a new regional food hub within a former produce distribution facility; develop a pilot program for aggregating, storing, and delivering locally grown food; and create systems for measuring the impact of the program on key stakeholders, specifically small- and medium-sized farmers.	\$100,000	Implementation
MT	Lake County Community Development Corporation will expand institutional markets for producers, and increase the consumption of healthy, regionally produced food for patients, visitors, and staff at hospitals.	\$99,986	Implementation
NC	City of Greensboro, North Carolina, will improve retail access to local, fresh foods in high poverty neighborhoods with limited food access.	\$25,000	Planning

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
NC	North Carolina Association of Black Lawyers Land Loss Prevention Project will encourage the use of food hubs by assessing food access and legal risk with the goal of strengthening farmer's ability to market locally and provide access to healthy food choices.	\$73,132	Implementation
NC	Reinvestment Partners will help the Bull City Cool Food Hub provide produce to meet GAP standards, equip a food processing center for flash-frozen foods, and promote local farmers and the food hub through outreach and education efforts.	\$100,000	Implementation
NC	University of North Carolina at Chapel Hill will support the North Carolina Green Cart Program that will train low-resource farmers to competitively sell their produce to Veggie Van, a mobile-market that distributes affordable North Carolina-grown produce to lower-income and underserved communities.	\$100,000	Implementation
NC	WAMY Community Action's High Country Community Supported Agriculture program will expand the availability of local, organic produce to residents of Watauga County and will establish a new market in neighboring Avery County, North Carolina.	\$100,000	Implementation
NC	Working Landscapes will develop a diversified food hub in Warren County, North Carolina, by growing their existing farm-to-school initiative to a self-sustaining level and expanding their operations to include meat processing, prepared items/school fundraisers, a shared-use kitchen, and a retail space.	\$100,000	Implementation

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
NE	GROW Nebraska will deliver technical assistance, market entry training and market access assistance (including wholesale) to Nebraska food business enterprises serving local and regional markets.	\$99,919	Implementation
NE	Nebraska Farmers Union will offer technical assistance, safety training, and capacity building for beginning, transitioning and existing agricultural producers in strategic locations across the state.	\$89,979	Implementation
NE	Gretchen Swanson Center for Nutrition will bolster the local beef supply chain by connecting small stores to producers.	\$24,977	Planning
NE	No More Empty Pots will create a regional community kitchen and food hub that provides business services, technical assistance and cooperative opportunities for production and distribution activities.	\$100,000	Implementation
NH	Miles Smith Farm to partner with five New Hampshire beef producers to provide locally raised beef to health care institutions in New Hampshire.	\$92,120	Implementation
NH	Organization for Refugee and Immigration Success will support the establishment of an agricultural cooperative, including a multi-farm Community Supported Agriculture system and support sales to local institutions.	\$88,585	Implementation
NJ	Township of Montclair, New Jersey, to purchase a mobile farm stand to help produce reach more low income/low access communities and individuals.	\$50,776	Implementation

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
NM	Delicious New Mexico will provide outreach, marketing, training and technical assistance to improve and expand the Espanola Food Hub into an incubation hub for Northern New Mexico food businesses.	\$100,000	Implementation
NM	National Center for Frontier Communities will assess the feasibility of a regional food hub to support a more self-sufficient local food economy in southwestern New Mexico.	\$25,000	Planning
NM	Santa Fe Community Foundation will expand a local, healthy food procurement program to low-income and low-access communities that will improve the capacity of Pueblo agricultural producers through farm-to-market training.	\$100,000	Implementation
NY	Amagansett Food Institute will complete a feasibility study to develop East End Food Hub, including a business plan outlining steps for implementation if feasibility is established.	\$25,000	Planning
NY	Bedford Stuyvesant Restoration Corporation will expand a pilot Farm to Early Care Project in Central Brooklyn by increasing access to farm fresh, healthy food for 1,500 children while generating increased revenue for participating farmers.	\$73,988	Implementation
NY	Capital District Community Gardens will expand their existing food hub and implement more efficient mechanisms to increase farmer income and extend the season of local food offerings through direct shipments, pillarization of material and improved produce handling and storage systems.	\$100,000	Implementation

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
NY	Center for Agricultural Development & Entrepreneurship will increase its food hub activities and producer development, including upscaling aggregation and transportation, buyer introductions and educational workshops.	\$70,038	Implementation
NY	Corbin Hill Food Project will deliver locally produced fresh produce and other agricultural products to low income/low access residents in four New York City boroughs by increasing the food hub's aggregation process.	\$84,696	Implementation
NY	Cornell Cooperative Extension of Delaware County in New York State will conduct a feasibility study to develop an online marketing, ordering and centralized distribution delivery system, without overlap of costs to farmers and food producers for distributions, services, trainings, and marketing.	\$25,000	Planning
NY	Cornell Cooperative Extension Association of Jefferson County will organize beef, pork, small ruminants and poultry growers into a cooperative model, expand meat slaughter capacity, and successfully market these products locally.	\$99,948	Implementation
NY	Cornell Cooperative Extension of Niagara County will determine the feasibility of a facility that will benefit small and mid-size farmers wanting to sell value-added products and also food business entrepreneurs who want to develop new products for market.	\$23,276	Planning
NY	GrowNYC's local food hub and distribution program will increase staff food safety and customer service development and training; target sales outreach to institutional buyers; and increase marketing of regionally-produced grains and flours.	\$100,000	Implementation

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
NY	Field Goods, LLC, will develop a web-based ordering, communications, and inventory management system.	\$50,000	Implementation
NY	Food link's Food Access Programs in the Rochester, New York, area will link local agriculture with underserved communities in the Greater Rochester area that want farmers markets but do not have the economic viability to sustain them. The project will purchase local produce and establish diverse markets in low income/low access communities.	\$99,629	Implementation
NY	Side Hill Farmer's Cooperative will increase revenues and customer base at its local-foods butcher shop and grocery by launching a regional marketing campaign; introducing a limited wholesale product line; and establishing a point-of-sale customer-tracking and management system.	\$70,415	Implementation
NY	South Bronx Overall Economic Development will complete a feasibility study and business plan on use of locally-sourced ingredients in restaurant menus. The project will then create a local food integration resource guide.	\$25,000	Planning
NY	Southern Tier West Regional Planning & Development Board will assess the need expressed by meat and poultry producers for a new slaughter and processing facility in the region to reduce the distances producers currently travel.	\$24,750	Planning

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
OH	Appalachian Center for Economic Networks, Inc. will provide additional support to the 30 Mile Meal in the areas of consumer education, outreach, marketing materials and strategies, and increase the capacity of local farmers to meet increased demand of new institutional buyers and restaurants. The project plans to expand the 30 Mile Meal program to additional Ohio counties (Athens, Licking, and Perry) that are not already covered by the program.	\$60,718	Implementation
OH	Common Wealth, Inc. will provide technical assistance to the 30 Mile Meal™ Projects, a branding campaign that operates in Mahoning, Trumbull, Columbiana and Ashtabula Counties in Ohio and Mercer and Lawrence Counties in Pennsylvania, with the goal of gaining 50 new buying partners and placing products from 30 new producer partners into new outlets.	\$100,000	Implementation
OH	Grow Youngstown will implement the Farm To YOU Boost campaign designed to both increase domestic consumption of and access to locally-produced source-identified agricultural products and to develop new market opportunities for farm operations serving local low-income markets in Mahoning & Trumbull Counties.	\$97,186	Implementation
OH	Maumee Valley Growers Association will complete a feasibility study evaluating the viability of a food hub that will allow for year-round food production and a "seed-to-sale" model. The study will determine the most suitable location, assess associated costs and identify interested stakeholders.	\$25,000	Planning

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
OH	Our Harvest Cooperative will expand markets for local food; increase the supply and marketability of local, sustainable food; hire additional packing and distribution staff; and increase the year-round capacity of the food hub through processing partnerships.	\$100,000	Implementation
OH	The Ohio State University Cooperative Extension of Champaign County will conduct a feasibility study on an incubator/commercial shared-use kitchen and local food retail space that also serves Logan, Miami, Clark and Union Counties.	\$5,300	Planning
OH	Wooster Local Foods Cooperative will implement a marketing program that works with local marketing and design experts to expand the market through different avenues of outreach including promotions, advertising, improved signage, and customer relations.	\$98,280	Implementation
OR	Ecotrust will analyze Oregon's existing supply of regionally-produced, antibiotic-free chicken; assess demand and specifications for this chicken from local institutions, including schools and hospitals; and develop an implementation plan to address gaps in the supply chain.	\$25,000	Planning
OR	Friends of Zenger Farm will support micro-food enterprises through kitchen incubators and technical assistance in southeast Portland through access to tools, expertise, and marketing opportunities.	\$99,966	Implementation

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
PA	Penns Mault will help establish a premium market for farmers and brewers by building farmer capacity to grow malting barley varieties in Pennsylvania; implementing a malt production system; and providing outreach to Pennsylvania farmers, aspiring matters, brewers, and the general public.	\$95,270	Implementation
PA	Common Market Philadelphia, Inc. will improve the safety, quality, reputation and marketability of food grown by small family farmers in the Mid-Atlantic region through establishment of rural, refrigerated aggregation points and improved post-harvest handling protocols.	\$100,000	Implementation
PA	Culinary Cuts, LLC (d.b.a. Philly Cow Share) to build data analytics for grass-fed beef producers in the Northeast, including carcass data such as weight and quantity of items fabricated from the animal.	\$100,000	Implementation
PA	Doylestown Food Co-op will complete a marketing and communications project that will include in-store product and event marketing, as well as web-based and social media marketing.	\$38,746	Implementation
PA	Drexel University's Food Lab and its Enterprise Center's Dorrance H. Hamilton Center for Culinary Enterprises will create an innovative commercial food system that will demonstrate ways to transform food surplus throughout the local and regional food supply chain cycle (sourcing, processing, production & distribution) into marketable food products for direct sales.	\$25,000	Planning

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
PA	Fair Food will improve its partner, Farm Art's, line of local produce and expand the number of grocers purchasing their local produce through a marketing campaign.	\$91,852	Implementation
PA	Fayette County Community Action Agency, Inc. will help the Republic Food Enterprise Center, a regional food hub in rural Fayette County, to aggregate, store, process, market, and distribute produce and food products while promoting the development of food enterprises in southwestern Pennsylvania.	\$93,458	Implementation
RI	Farm Fresh Rhode Island will conduct a feasibility study to enhance its local food aggregation and distribution program, the Market Mobile, that serves local institutions, including schools, hospitals, food pantries, and care facilities.	\$22,500	Planning
SC	South Carolina Coastal Conservation League Inc. will help Grow Food Carolina increase income by assisting with crop planning and enhanced training and educational opportunities, increasing the market value of harvested crops, extending product seasons, diversifying inventory, increasing storage capacity, and creating new market prospects.	\$100,000	Implementation
SD	South Dakota State University will create a food hub in the southeastern quarter of South Dakota.	\$25,000	Planning
TN	The Appalachian Resource Conservation & Development Council will coordinate activities across the Tennessee-Virginia border to aggregate and distribute local food to retail and wholesale markets affordably and efficiently, and to assist farmers with increasing production supply to meet new market demand.	\$98,717	Implementation

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
TN	Crabtree Farms will produce Taste Buds, a 48-page color guide with farm and local food business listings, as well as informational articles and recipes, and local food maps. The project will also provide farmer trainings, networking opportunities, public outreach, farm-to-institution materials, and technical assistance.	\$96,400	Implementation
TN	Knoxville-Knox County Metropolitan Planning Commission will evaluate the need for a food hub to support demand and supply of local foods as well as the services necessary to increase the success of the local food system in the East Tennessee region.	\$25,000	Planning
TX	City of Egin, Texas, will develop a business plan for a community local food value-added processing center.	\$24,750	Planning
TX	Dallas Wholesale Chefs' Market Innovation Initiative will develop an online technology system that will facilitate the ordering of locally produced products by chefs looking for farm direct connections.	\$87,980	Implementation
UT	Wasatch Cooperative Market will determine the Market's feasibility; planning, financial and business plans; and store design while improving communications with local farmers, producers, potential funders and the general public.	\$25,000	Planning
VA	Arcadia Food, Inc. will expand the scope and scale of its Mobile Market program in the Washington, D.C. area by conducting an outreach and marketing campaign.	\$98,350	Implementation
VA	City of Charlottesville, Virginia, will help "Virginia Produced" build a self-sustaining flash-freezing and light food processing hub.	\$25,000	Planning

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
VA	Green Harvest Capital LLC (trading as "Milton's Local") will develop wholesale distribution of channels, market strategies and aggregation of farmers producing local swine and cattle products in Virginia and the District of Columbia.	\$98,790	Implementation
VA	Red Onion Foods will examine the feasibility of launching a for-profit local foods processing facility in Northern Virginia.	\$20,590	Planning
VA	Local Environmental Agriculture Project will develop local food infrastructure in the Roanoke Valley, including the implementation of a kitchen hub that will act as a center for food and farm-related business.	\$25,000	Planning
VA	Local Food Hub, Inc. will develop a robust marketing and outreach effort that distinguishes their values-based approach, increases community awareness of the benefits of a strong local food economy, and develops customized marketing and collaboration strategies for each of the market segments in which Local Food Hub works.	\$48,000	Implementation
VA	Rappahannock-Rapid and Regional Commission will conduct an economic analysis of the food shed and develop a regional food system strategic plan through a series of focus group and strategic planning meetings.	\$15,014	Planning
VA	True & Essential Meats will conduct a feasibility study in partnership with Lineage Architects PC to determine the most effective, efficient, and economical way to expand their USDA-inspected small meat processing plant.	\$22,320	Planning

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
VT	Vermont Housing and Conservation Board will increase the overall business viability of Vermont's food hubs and increase the amount of local food being moved through those hubs.	\$100,000	Implementation
WA	Community Action of Skagit County, Washington, will create a business plan to develop, improve and expand their warehouse to sustainably market, store and distribute produce from Skagit farmers.	\$25,000	Planning
WA	The Institute for Washington's Future will improve and expand their food enterprise in partnership with the Real Food Buying Club and the Washington Latino Farmers Network through a direct marketing initiative.	\$88,500	Implementation
WA	King Conservation District will complete a feasibility study to expand and improve the local food system. This study will identify key infrastructure needs including storage, processing and distribution systems and develop a database and map of existing resources.	\$25,000	Planning
WA	Farmstead Meat smith will establish a mobile slaughter truck, which will also provide hands-on harvesting opportunities for student-farmers, as well as additional educational materials.	\$25,913	Implementation
WA	North 40 Farm Food SPC will conduct a pilot value-added processing program for small rural farmers in western Washington State through development of educational tools for producers, including workshops, manuals and business planning services.	\$98,628	Implementation

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
WA	Northwest Agriculture Business Center will help the Puget Sound Food Hub improve infrastructure and operations at two existing food hub aggregation sites and add a third aggregation site.	\$100,000	Implementation
WA	Seattle Tilth Association will support 30 incubator farmers, assess the barriers very small producers face connecting to local markets, and assist an additional 20 King and Pierce County farmers by providing marketing, crop coordination, storage, aggregation and distribution.	\$100,000	Implementation
WI	Community Development Alternatives, Inc. will produce new locally sourced food products; employ, train and educate individuals; and to market and deliver new food products in Gays Mills, Wisconsin.	\$91,981	Implementation
WI	Cow & Quince, LLC will provide farmers and local food producers with a commercial kitchen and retail outlet in the New Glarus and Wisconsin area.	\$68,155	Implementation
WI	Fifth Season Cooperative will expand its frozen food line to Chicago, a new market within 400-miles of all the Cooperative's members.	\$99,400	Implementation
WI	Goodwill Industries of North Central Wisconsin, Inc. will create a local food enterprise, anchored by their existing Community Food Incubator that can directly interact with all of their existing food security program components.	\$22,890	Planning
WI	Growing Power, Inc. will implement Fresh Moves Mobile Market, which uses donated CTA buses converted to mobile produce markets to serve low-income/low-access areas of the City of Chicago.	\$100,000	Implementation

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
WI	JRS Country Acres (JRS) will aggregate, sort and clean, package, broker and distribute local Wisconsin eggs from six farms into local retail and restaurant markets in the Midwest.	\$25,113	Implementation
WI	Oneida Tribe of Indians will provide technical assistance in food handling, preservation, branding, and marketing strategies to local producers.	\$80,429	Implementation
WI	Southwest Wisconsin Community Action, Inc. will conduct a feasibility study and complete a business plan for a new regional food enterprise center.	\$25,000	Planning
WI	Urban Economic Development Association of Wisconsin, Inc. will conduct a feasibility analysis that will assess the challenges of, and opportunities for, southeast Wisconsin's food sector to serve as an economic development vehicle for non-profits and to enhance existing connections to local food producers.	\$25,000	Planning
WI	Wisconsin Food Hub Cooperative to expand outreach and technical assistance to producers who are now primarily using direct-market channels for selling their products in southern Wisconsin.	\$99,728	Implementation
WV	Heart and Hand House, Inc. will develop an aggregation center that will fill a void in the local food supply chain, expand marketing opportunities for local producers, improve access to locally produced foods in public schools and other institutions, provide employment and positively impact the local economy by keeping food dollars in the community.	\$25,000	Implementation

FY 2014 Local Food Promotion Program Awards			
State	Recipient and Purpose	Award	Grant Type
WV	Unlimited Future, Inc. will connect aggregation points, markets and farmers throughout the Ohio River Valley thereby creating regional food aggregation and distribution hubs.	\$100,000	Implementation
WY	Bould Development will complete a community food assessment to determine the food needs of the community increase food-related sustainability and self-reliance and create an economic environment for diversified farming and locally produced food.	\$24,554	Planning
WY	Lovell, Inc. will evaluate the potential for a Regional Food Hub in the Big Horn Basin.	\$24,990	Planning

Mr. Aderholt: Please provide a table showing the change in the number of farmers markets since fiscal year 2011. Also, please provide a specific definition of a farmers market as it relates to USDA's official count of farmers markets.

Response: AMS undertakes a focused effort each spring to actively solicit new and updated market information from farmers' market stakeholders in order to keep the listings in the USDA National Farmers Market Directory as comprehensive as possible. Information included in the Directory is a voluntary and self-reported listing of markets by market managers, representatives from state farmers market agencies, associations, and other key market personnel. The Directory lists farmers markets that feature two or more farm vendors selling agricultural products directly to customers at a common, recurrent physical location.

[The information follows:]

Number of Markets in USDA's National Farmers Market Directory--						
State	2011	2012	2013	2014	2015*	Percentage Change from 2011-15 of markets listed in the Directory
Alabama	121	149	140	140	142	17.4%
Alaska	35	32	31	31	33	-5.7%
Arizona	79	82	81	83	89	12.7%
Arkansas	79	80	92	97	98	24.1%
California	729	827	759	764	758	4.0%
Colorado	130	166	157	156	157	20.8%
Connecticut	146	154	155	156	157	7.5%
Delaware	12	33	29	27	27	125.0%
District of Columbia	34	35	35	35	35	2.9%
Florida	146	202	224	234	250	71.2%
Georgia	72	118	138	141	143	98.6%
Hawaii	85	88	95	101	96	12.9%
Idaho	74	67	69	68	68	-8.1%
Illinois	305	292	336	309	321	5.2%
Indiana	171	162	171	171	177	3.5%
Iowa	237	227	229	230	230	-3.0%

Number of Markets in USDA's National Farmers Market Directory--						
State	2011	2012	2013	2014	2015*	Percentage Change from 2011-15 of markets listed in the Directory
Kansas	99	97	92	95	101	2.0%
Kentucky	180	162	131	128	133	-26.1%
Louisiana	43	62	66	74	77	79.1%
Maine	88	84	93	92	92	4.5%
Maryland	76	152	147	150	151	98.7%
Massachusetts	255	313	289	306	304	19.2%
Michigan	349	311	331	339	341	-2.3%
Minnesota	160	168	186	185	189	18.1%
Mississippi	56	75	82	83	83	48.2%
Missouri	141	155	246	245	254	80.1%
Montana	57	65	66	69	68	19.3%
Nebraska	74	84	93	97	97	31.1%
Nevada	40	38	46	43	40	0.0%
New Hampshire	79	97	96	99	96	21.5%
New Jersey	133	133	139	142	146	9.8%
New Mexico	80	69	69	65	68	-15.0%
New York	520	647	637	638	652	25.4%
North Carolina	217	207	229	240	249	14.7%
North Dakota	60	65	63	63	64	6.7%
Ohio	278	264	300	311	312	12.2%
Oklahoma	61	71	69	69	70	14.8%
Oregon	144	164	173	178	173	20.1%
Pennsylvania	266	254	290	297	303	13.9%
Puerto Rico	2	N/A	N/A	N/A	1	-50.0%
Rhode Island	54	61	57	56	57	5.6%
South Carolina	103	124	127	128	127	23.3%
South Dakota	29	38	38	39	38	31.0%
Tennessee	87	93	99	119	123	41.4%
Texas	166	164	183	195	201	21.1%

Number of Markets in USDA's National Farmers Market Directory--						
State	2011	2012	2013	2014	2015*	Percentage Change from 2011-15 of markets listed in the Directory
Utah	36	37	40	40	40	11.1%
Vermont	99	94	100	97	97	-2.0%
Virgin Islands	4	4	4	4	4	0.0%
Virginia	172	227	246	249	245	42.4%
Washington	166	148	159	164	171	3.0%
West Virginia	78	82	90	89	89	14.1%
Wisconsin	231	298	286	295	300	29.9%
Wyoming	37	43	41	42	42	13.5%
<b>Totals</b>	<b>7,175</b>	<b>7,864</b>	<b>8,144</b>	<b>8,268</b>	<b>8,379</b>	<b>16.8%</b>

\* Number of markets for 2015 is the number of markets listed as of March 3, 2015 in USDA's National Farmers Market Directory.

#### Payments to States

Mr. Aderholt: Provide for the record a state-by-state funding table for the Payments to States program to include fiscal years 2013, 2014, and estimates for 2015.

Response: The table below provides state-by-state grant funding for the Agricultural Marketing Service's Federal-State Marketing Improvement Program for FY 2013 and FY 2014. The FY 2015 Federal-State Marketing Improvement Grant Program awards will not be made until later in the fiscal year, but AMS expects to award a total of \$1 million in funding to states.

[The information follows:]

**Federal-State Marketing Improvement Program Grant Awards**

State	2013	2014
Arkansas	\$49,700	\$53,300
Connecticut		47,807
Florida	69,500	43,700
Hawaii	75,000	80,437
Iowa		40,258
Kansas	107,160	124,577
Maryland		35,610
Massachusetts	37,374	
Michigan	126,534	
Minnesota	45,279	
Missouri		66,261
Nevada		35,450
New York	106,258	
North Carolina		105,788
North Dakota	78,298	
Oregon	99,180	
Texas	77,803	
Vermont	88,500	75,380
Virginia	96,780	201,422
Washington	127,332	218,010
Wyoming	49,992	
<b>Total, Payments to States</b>	<b>1,234,690</b>	<b>1,128,000</b>

Mr. Aderholt: Please provide for the record a list of the projects that were approved for the Payments to States and Possessions program during fiscal year 2014. Also, provide a brief description of each project. Lastly, include a brief description of how AMS evaluates the merits of a proposal.

Response: In fiscal year 2014, AMS awarded \$1,128,000 in Federal-State Marketing Improvement Program matching grants. Grant applications are reviewed and evaluated by a team of subject-matter specialists using instructions prepared with AMS officials. Individual reviewers evaluate and score their assigned proposals and then confer with other team members to derive a consensus score which serves as the basis for awarding and allocating grant funds. The consensus review focuses on strengths, weaknesses, and suggestions, which are shared with all unsuccessful applicants, and any successful applicant when requested, after the awards have been announced.

The evaluation focuses on four criteria:

- (1) **OBJECTIVES** (25 points) - the proposal is well-justified, addresses an important marketing barrier, challenge or opportunity, and contains a problem statement or clearly frames the issue to be studied.
- (2) **APPROACH** (25 points) - the goals, objectives, and work plan are clear, appropriate, and logical.
- (3) **IMPACT** (30 points) - the proposal describes the potential impact it will have on target producers and agribusinesses, and the potential for the proposal to provide new knowledge and lessons learned that could be applied in other States or regions of the country.
- (4) **DELIVERABLES AND OUTREACH** (20 points) - the proposal describes deliverables attributable to the project in addition to the final report.

AMS encourages States to consider developing proposals with regional or National significance, and that reflect a collaborative approach among the States, academia, the farm sector, and other appropriate entities.

[The list of projects follows:]

**Federal-State Marketing Improvement Program Fiscal Year 2014  
Projects**

State	Project Description	Project Budget
Arkansas	Arkansas Agriculture Department, in partnership with the Natural Soybean and Grain Alliance, and University of Arkansas Extension personnel, to evaluate the potential of developing an aromatic rice industry in the Arkansas River Valley.	\$53,300
Connecticut	University of Connecticut to profile and quantify consumer segments likely to buy local-brand milk; identify price premiums associated with locally labeled milk; and assess the effectiveness of alternative marketing practices to expand consumption of local brands of fluid milk in New England.	\$47,807
Florida	University of Florida to study the impact of orange juice attributes on consumer purchases and identify the most important attributes for the citrus industry to emphasize in their market strategies, giving special attention to demand for less than 100%, not-from-concentrate, orange juice.	\$43,700
Hawaii	University of Hawaii, in partnership with the	\$80,437

State	Project Description	Project Budget
	Hawaii Department of Agriculture, to complete sensory and compositional analyses and develop grading standards, packaging and labeling to improve the quality and marketability of turmeric in international markets.	
Iowa	Iowa State University, in partnership with Leopold Center for Sustainable Agriculture, to develop a decision-making guide for growers to identify and lightly process blueberries, raspberries, strawberries, and aronia berries infested with an invasive fruit fly into marketable products that meet state and federal regulatory requirements.	\$40,258
Kansas	Kansas State University to determine the profit potential for industry to produce and market omega-3 enhanced beef and assesses consumer acceptance, demand and willingness to pay for omega-3 steak and ground beef.	\$124,577
Maryland	Maryland Department of Agriculture, in partnership with the University of Maryland and the Maryland Farm Bureau, to determine the best potential contractual arrangements for farmers using a Community Supported Agriculture (CSA) business model; and examine the potential for a certification and/or regulatory structure for the state of Maryland to address consumer confidence and allow the continued successful growth of CSAs in the state.	\$35,610
Missouri	The Curators of the University of Missouri to evaluate sampling as a promotional tactic for Missouri farmers market vendors and make recommendations for integrating sampling into a vendor's promotional mix, and to capture pricing data that guide vendors to establishing prices that are fair for consumers, neighboring vendors and their markets.	\$66,261
Nevada	Nevada Department of Agriculture, in partnership with Lincoln Communities Action Team and the University of Nevada Cooperative Extension Service, to research new markets for value-added foods and conduct workshops for new entrepreneurs on Nevada regulations, food safety practices, market research and additional essential business concepts that must be addressed to create a value-added business.	\$35,450
North Carolina	North Carolina State University to assess the use of cover crops such as sun hemp,	\$105,788

State	Project Description	Project Budget
	buckwheat and brown millet to reduce the microbial load and potential presence of human pathogens on the surface of melons as an alternative to post-harvest washing; determine economic impact to producers; and evaluate retailer reaction to and acceptance of this practice.	
Vermont	University of Vermont and State Agricultural College to quantify production costs and identify fruit quality and yield characteristics for apples managed specifically for hard cider production; assist in the development of more efficient and orderly marketing methods, practices and facilities for cider apples; reduce the price spread between growers and cideries; and quantify the economic impact of hard cider and cider apple production on rural Vermont economies.	\$75,380
Virginia	Virginia Polytechnic Institute and State University, in partnership with Texas A&M Dept. of Wildlife and Fisheries Science, and AquaMaof Aquaculture Technologies, Ltd. to expand domestic aquaculture production, increase the value and quality of tilapia fillets and by-product muscle, and investigate potential new uses and consumer acceptance of valued-added by-products.	\$87,740
Virginia	Virginia Polytechnic Institute and State University, in partnership with the Virginia Department of Agriculture and Consumer Services, and Local Food Hub, to conduct a statewide assessment in 6 target market sectors (farmers markets, K-12 schools, restaurants, retailers, other institutions such as hospitals, universities and distributors) regarding food safety perceptions, expectations, needs, knowledge and policies in preparation for the implementation of the Food Safety Modernization Act; and assist producers in addressing market barriers through improved alignment of food safety training and resources.	\$42,002
Virginia	Virginia Polytechnic Institute and State University to identify impediments to using modular homes in Latin America; develop plans to address these issues; and foster increased employment in the U.S. modular home industry sector, the pine lumber sector, and the wood composite industry through increased exports	\$71,680

State	Project Description	Project Budget
	of modular homes to Latin America.	
Washington	University of Washington, in partnership with Native American tribes in the Pacific Northwest, to develop strategies for marketing agricultural products in tribal wooden gift boxes produced from sustainably managed timber for the Japanese market.	\$89,058
Washington	Washington State University, in partnership with North West Agriculture Business Center, to enhance the marketing of U.S.-grown quinoa by addressing post-harvest infrastructural needs, processing challenges, and new product development, and by studying U.S. and world supply and demand trends.	\$80,444
Washington	Washington State University (WSU), in partnership with WSU Extension Service, to conduct a pilot project to obtain market information related to cider production that will help both apple growers and cider makers in Washington maintain or augment their income; and identify factors that could contribute to the growth of the U.S. cider industry and increase the economic viability of apple growers and cider makers.	\$48,508

#### Limitation on Administrative Expenses

Mr. Aderholt: Provide a table showing the object class breakout for the limitation on administrative expenses account to include fiscal years 2013 and 2014 actuals and fiscal years 2015 and 2016 estimates.

Response: The information is submitted for the record.

[The information follows:]

Limitation on Administrative Expenses  
Cotton & Tobacco User Fee Activity - Object Class Breakout

	2013	2014	2015	2016
	Actual	Actual	Estimate	Estimate
Personnel Compensation:				
11.1 Full-time permanent.....	\$4,988,471	\$8,073,756	\$9,403,790	\$8,512,689
11.3 Other than full-time permanent.....	7,952,690	6,775,092	11,803,224	11,851,597
11.5 Other personnel compensation.....	948,372	1,179,496	1,407,555	1,418,977
11.0 Total personnel compensation.....	13,889,534	16,028,344	21,614,569	21,783,263
12.0 Personnel benefits.....	2,884,703	3,792,025	4,284,419	4,298,275
13.0 Benefits for former personnel.....	1,459,090	1,080,038	2,165,552	2,166,852
Total, personnel comp. and benefits.....	18,233,327	20,900,407	28,064,540	28,248,390
Other Object Classes:				
21.0 Travel 1/.....	582,013	497,896	863,812	863,985
22.0 Transportation of things.....	1,698,306	1,407,995	2,520,591	2,522,104
23.1 Rental payments to GSA.....	1,514,487	116,432	2,247,771	2,251,819
23.2 Rental payments to others.....	3,591,320	3,570,641	5,330,166	5,336,897
23.3 Communications, utilities, and misc. charges.....	677,820	2,962,230	1,006,007	1,006,911
24.0 Printing and reproduction.....	151,638	71,338	225,058	225,193
25.1 Advisory and assistance services.....	-	-	-	-
25.2 Other services from non-Federal sources.....	8,209,678	4,264,993	12,184,640	12,203,891
25.3 Other purchases of goods and services from Federal sources.....	2,103,216	1,900,712	2,121,552	2,122,288
25.4 Operation and maintenance of facilities.....	909,344	5,016	1,349,630	1,350,195
25.5 Research and development contracts.....	81,633	15,626	121,158	121,231
25.6 Medical care.....	2,023	1,240	3,002	3,004
25.7 Operation and maintenance of equipment.....	381,590	2,379,753	566,349	566,545
26.0 Supplies and materials.....	672,686	623,831	995,388	995,587
31.0 Equipment.....	2,086,988	4,367,763	3,097,466	3,151,967
32.0 Land and structures.....	-	-	-	-
41.0 Grants, subsidies and contributions.....	7,000	4,505	10,386	10,496
42.0 Insurance Claims and Indemnities.....	1,000	-	1,484	1,497
43.0 Interest and Dividends.....	22,670,741	22,190,071	32,644,460	32,733,610
Total, Other Objects.....	40,994,067	43,090,478	60,709,000	60,982,000
Total, Limitation on Administrative Expenses.....				

The limitation on administrative expenses applies only to the cotton and tobacco user funded activities. Obligations in this account fluctuate with crop size; the agency is expecting increased demand for services in fiscal years 2015 and 2016.

## Federal-State Marketing Improvement Program

Mr. Aderholt: Please provide a table showing obligations by State to include fiscal years 2008 through estimates for 2015

Response: The table below shows obligations by State from FY 2008 through FY 2014. The FY 2015 obligations will not be made until later in the fiscal year, but AMS expects to award a total of \$1 million in funding to states.

[The information follows:]

STATE	2008	2009	2010	2011	2012	2013	2014
Alabama							
Alaska	45,750						
Am Samoa							
Arizona							
Arkansas				60,660		49,700	53,300
California		198,250					
Colorado	30,500	48,500	42,000				
Connecticut				89,320			47,807
Delaware	64,170						
Dist. of Columbia					34,500		
Florida	27,600		118,915			69,500	43,700
Georgia	68,090		63,275	55,373			
Guam	26,900						
Hawaii	54,400	41,500			28,100	75,000	80,437
Idaho		48,000		67,220			
Illinois				55,000		97,982	
Indiana		60,500					
Iowa							40,258
Kansas	83,150			144,200		107,160	124,577
Kentucky	55,780		38,550	49,000	69,230		
Louisiana		69,000	61,295	87,326			
Maine	55,805	65,000		64,145			
Maryland	50,800		121,445				35,610
Massachusetts	37,520	38,000	38,870	24,640	53,560	37,374	
Michigan	48,000		48,000	150,101		126,534	
Minnesota		92,500		60,000		45,279	
Mississippi		47,150	43,690		52,920		
Missouri	42,000			61,026	59,678		66,261
Montana			142,085		39,115		
Nebraska	50,000		68,095	79,534			
Nevada					45,747		35,450
New Hampshire							
New Jersey		89,000	51,215		62,713		
New Mexico		40,500			43,000		
New York		37,200	134,060	73,824		106,258	
North Carolina					30,000		105,788
North Dakota			59,735			78,298	
Ohio			54,375				
Oklahoma		47,150					
Oregon	60,200		55,850			99,180	
Pennsylvania					94,947		
Puerto Rico	34,500			21,000			
Rhode Island	54,780						
South Carolina	109,200	74,500	109,000				
South Dakota					31,725		
Tennessee					90,000		
Texas				77,588		77,803	
Utah	44,985						
Virgin Islands	45,845						
Vermont	55,000	48,000			47,250	88,500	75,380
Virginia		152,000		75,150	108,039	96,780	201,422
Washington	107,185	87,250			143,969	127,332	218,010
West Virginia							
Wisconsin		50,000			65,525		
Wyoming	72,840		83,545	36,225		49,992	
Total \$ Grant	1,325,000	1,334,000	1,334,000	1,331,332	1,198,000	1,234,690	1,128,000

## Transportation Regulatory Actions

Mr. Aderholt: How many transportation regulatory actions did AMS participate in during fiscal years 2013 and 2014? Please describe those actions and the results of those actions.

Response: AMS participated in four transportation regulatory actions before the Surface Transportation Board (Board) during fiscal year 2013 and three in fiscal year 2014. Those actions and results of those actions are described as follows:

[The information follows:]

**Fiscal Year 2013:**

1. Rate Regulation Reforms - AMS supported reforms, including removing the limitations on financial relief for shippers for certain rate cases and at least doubling the relief for other cases in Rate Regulation Reforms, October 2012. AMS asked the Board to address the effects on rate cases when railroads increase rail rates across the board and recommended the Board forego changes that will complicate and increase the costs of pursuing rate relief. CSX Transportation, Inc. and Norfolk Southern Railway Company instituted court action on July 29, 2013, in the United States Court of Appeals for the District of Columbia Circuit, seeking judicial review of the Board's decision to raise the limitations on relief for rate reasonableness complaints brought by a shipper against a carrier under both of the agency's simplified procedures, along with the technical changes to the rate complaint procedures, changes to the interest rate that railroads must pay on reparations if they are found to have charged unreasonable rates, and the announcement of future proceedings on options for addressing cross-over traffic and on proposals to address the concerns of small agricultural shippers.
2. Interchange Commitments - AMS supported disclosure of anti-competitive terms in new interchange agreements between railroads, and asked the Board to apply these new disclosure rules to existing interchange agreements in Information Required in Notices and Petitions Containing Interchange Commitments, December 2012. The board declined to apply the new disclosure rules to existing agreements, and implemented them for new agreements effective October 15, 2013.
3. Competitive Switching - AMS supported guidelines that would make switching to competing railroads available for all grain and oilseed shipments where the revenue to variable cost ratio is above 180 percent Petition for Rulemaking to Adopt Revised Competitive Switching Rules, February and May 2013. In addition, AMS recommended that the Board use a rebuttable presumption that the shipper is entitled to receive competitive switching, with

the burden placed on the railroads to prove otherwise. AMS also recommends using the average of Canadian railroad competitive switching access fees for such fees in the United States. After making these initial comments in February 2013, AMS submitted reply comments in May 2013, reaffirming the results of its empirical analysis that show competitive switching will have only minor effects on railroad revenues, traffic volumes, and efficiency. The Board held a hearing on March 25-26, 2014 which AMS attended, and is accepting additional comments and reviewing potential next steps.

4. CP Investment Representations - AMS sent a letter in September 2013 to the Board chairman in support of the petition of the State of South Dakota, acting by and through its Department of Transportation to enforce Canadian Pacific Railway Company's (CP) investment representations to the Board. The letter referred to the fact that AMS previously filed comments with the Board in support of the merger of CP and Dakota, Minnesota & Eastern Railroad Corporation (DM&E), which had interchanges with all seven major railroads. USDA provided its support of the merger on the condition that CP kept all current connections to these other railroads open at economically competitive and nondiscriminatory rates. USDA also encouraged CP to make sufficient investment in the former DM&E line to maintain or improve its condition. The Board granted the petition and closely monitored the conditions of the subsequent sale and operation of the South Dakota portion of the railway that was sold to another owner.

**Fiscal Year 2014:**

1. Rail Service Issues - AMS emphasized the perishability of grain stored on the ground, resulting from railroad service issues, and the need to address it specifically even as all rail commodities were being affected in United States Rail Service Issues, April 2014. In response, the Board directed BNSF and CP Railways to provide plans for addressing the grain backlog, a timeframe for doing so, and weekly status reports to provide updates. AMS followed up by sending a letter to the Board urging improvements in CP Railways service and data reporting in August 2014. In response the Board directed CP Railways to provide additional information in its weekly status reports.
2. Grain Rate Regulation Review - AMS encouraged participation in mediation and arbitration to address unreasonable rail transportation rates in order to make rate cases quicker and less costly in Grain Rate Regulation Review, August 2014. This recommendation was included in the Surface Transportation Board Reauthorization Act of 2014, which was reintroduced as the Surface Transportation Board Reauthorization Act of 2015 (S. 808). The Board will hold a public hearing on this proceeding on June 10-11, 2015 in Washington, DC.

3. Fuel Surcharges - AMS advised the Board to modify its application of rules governing railroad fuel surcharges after finding significant differences between actual fuel costs and the fuel surcharges applied to shippers, including many agricultural shippers in Rail Fuel Surcharges, August 2014. Amending the rules governing fuel surcharges could potentially save millions of dollars for agricultural shippers in freight transportation costs over the next 5-10 years.

#### Grading Resources and Activities

Mr. Aderholt: Please provide a table showing the total number of grading employees broken down by Federal employees and Federally-supervised state employees for the past five fiscal years to include fiscal year 2014.

Response: The information is submitted for the record.

[The information follows:]

Agricultural Marketing Service Grading Activities Performed by Federal Employees and Federally-Supervised State Employees					
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Number of Federal Employees <sup>1/</sup>	2,883	2,748	3,021	2,961	3,012
Number of Federally-supervised State Employees <sup>2/</sup>	2,141	2,120	3,151	3,095	3,134
Cross-Licensed Employees of Other Programs or USDA Agencies <sup>3/</sup>	30	15	12	28	7
<b>Total</b>	<b>5,054</b>	<b>4,883</b>	<b>6,184</b>	<b>6,084</b>	<b>6,153</b>
<p><sup>1/</sup> All personnel are AMS employees. Includes seasonal and permanent employees.</p> <p><sup>2/</sup> A Federally-supervised State employee generally works less than one full-time equivalent staff year. The number of Federally-supervised State employees varies based on program needs, which vary by State, including changes in crop size due to weather and demand.</p> <p><sup>3/</sup> Fluctuations between fiscal years are the result of changing customer needs.</p>					

Mr. Aderholt: Did any grading fees increase or decrease during fiscal year 2014 and planned for fiscal year 2015? What was the amount of the increase or decrease and why?

Response: In FY 2014, the Dairy Grading user fees increased from \$75 to \$82 per hour. Operating costs such as increased salaries, technology investments, and inflation have increased the government costs of providing dairy grading and inspection services to stakeholders.

There is no planned fee increase for fiscal year 2015.

Mr. Aderholt: Does AMS plan to propose any grading fee increases in fiscal years 2015 and 2016?

Response: AMS does not propose to increase grading fees in 2015 and 2016.

#### User Fees

Mr. Aderholt: Did user fees increase or decrease in fiscal years 2014 and 2015? If so, by how much?

Response: AMS did not have any user fee increases or decreases in fiscal years 2014 and 2015.

#### Wholesale Market Development Activities

Mr. Aderholt: Please inform the Subcommittee of the goal and priorities of wholesale market development priorities.

Response: The goal of the Agricultural Marketing Services wholesale market development activities is to improve market access and opportunities for small and mid-sized producers by facilitating applied research and guidance documents on promising marketing channels, developing marketing tools, and providing technical services (e.g., architectural design support for food market and distribution facilities).

Priorities for wholesale market development include:

- Conducting innovative research and case studies on local and regional food distribution models that can be used to improve agricultural business practices and enhance farm-based income.
- Providing technical assistance (e.g., facility design, business planning, market research, green technology recommendations, and best practices sharing) to agricultural businesses engaged in local and regional food distribution.
- Strengthening relationships with stakeholders to provide better support for USDA local and regional food initiatives, including Farm Bill grant programs.
- Maintaining and further developing four national directories of local food businesses (i.e., food hubs, CSAs, and on-farm markets) that will increase visibility and marketing opportunities for those businesses. Producing national and regional profiles of these industry sectors.
- Publishing the results of the 2013 and 2014 Farmers' Market Manager surveys.
- Providing educational outreach and technical assistance to expand and improve community gardens with the attendant benefits of improving food access, expanding food education, and building community.

- Modeling best practices at the USDA Farmers' Market at Headquarters, using the market as a living laboratory for gathering information on effective vendor and customer relations, and support farmers' market development in nontraditional venues such as military bases.
- Establishing a grants management and cooperative agreement information technology system to increase the efficiency of administering grants and cooperative agreements, and the availability and accessibility of data regarding such awards.
- Researching the impacts of the grant investments made to new and expanding local food enterprises and identifying best practices and developing marketing tools and reports to share publicly.
- Creating cooperative agreements that invest in the applied research of food value chains (i.e., strategic alliances between agricultural producers and other supply chain partners that deal in significant volumes of high-quality, differentiated local and regional food products), and providing examples and models of successful business practices that can be replicated throughout the country.

#### Wholesale Market Development Activities

Mr. Aderholt: For the record, please provide the Subcommittee with a listing and status of all wholesale market development projects worked on in fiscal years 2013 and 2014 as well as those underway in fiscal year 2015. Please include the total cost of each project.

Response: The information is provided for the record.

[The information follows:]

#### **FY 2013 Projects:**

##### **Research and Data Collection**

- Philadelphia Wholesale Market Local Foods Flow-through. Status: underway. Cost: 50 staff hours, \$40,000 intra-agency agreement.
- USDA Local Foods Directories. Status: completed. Cost: \$89,000 cooperative agreement.
- Improving Market Coordination for Native American and Other Specialty Crop Producers Using LocalFresh.info. Status: results will be available in FY 2015. Cost: \$55,000 cooperative agreement.

- Expanding Regional Produce Procurement in Detroit Public Schools. Status: results will be available in FY 2015. Cost: \$40,000 cooperative agreement.
- Building a Standardized Evidence-Based Economic Impact Assessment Toolkit for Food System Clusters. Status: results will be available in FY 2015. Cost: \$99,330 cooperative agreement.
- Food Hub Cost Analysis and Facilities Design. Status: ongoing. Cost: 21 staff days.

#### **Market Support**

- Snohomish County Food Hub, May, 2013. AMS Architect and Economist met by tele conference with Linda Nuenzig Snohomish County Growers Association and with Hui Tian of "Studio 19 Architects and Designers" to discuss development plans for the Snohomish County Food Hub. The proposed multi use facility has a total footprint on the first floor of 58,000 sq. ft. for the food hub with 5,500 sq. ft. set aside for commercial kitchen and processing, and 2,500 for the distribution/cooler area, room for 2 restaurants and the rest will be farmers market. The food hub will occupy the entire first floor of the building; it will have 220 apartments built above it and two floors of underground parking. There will also be a three story parking garage across the street. This is a fully funded project using EB5 funds. Snohomish County Growers Alliance will be signing a master lease on the first floor containing the food hub. Our technical assistance has been requested to collaborate with the architects for design of the aggregation, processing, packing and community kitchen of the food hub. Dollar value of the project: \$1,584,000. Staff time on project: 12 days
- Orlando, FL Public Market March, 2013. AMS provided architectural planning support for a proposed public market facility in Orlando, Florida. The market will be located within the existing half vacant Festival Bay Mall structure in Orlando. The 25,000 square foot public market component will highlight Florida's agricultural products. The Mall is privately owned and operated by Paragon Outlet Partners LLC a commercial real estate development firm based in Baltimore, Maryland. AMS will collaborate with the local Architectural firm of Cuhaci & Peterson staff, Paragon Outlet Partners staff, and consultant Sharon Yeago. The proposed site potential includes: an active retail environment, favorable demographics, supportive employment pool and need for quality food retail. This project is a public/private enterprise to promote Florida agriculture. Work is ongoing. Dollar value of project: \$5,913,600. Staff time on project: 6 days
- Brighton, New York Farmers Market, December, 2012. A master plan concept was submitted to the town of Brighton New York for a multi-functional Farmers Market complex. The 50 acre site is located in Buckland Park, formerly three dairy farms. The city procured title to the farmland and annexed it into the city; it is zoned parkland.

The design concept for the market is unique and incorporates a restored barn for use as a farmers market. The AMS concept ties together multiple functions including a community garden, War Veterans Memorial, the historic/restored Buckland farm house and a city recreational complex. Our concept is based on the restoration of multiple structures to use a farm theme for agri-tourism or an educational demonstration dairy operation or to potentially convert the site into a food hub. The town of Brighton received a grant for New York State and is looking for additional funding to implement the work. Dollar value of project: \$3,688,396. Staff time on project: 15 days

- Lyman, South Carolina, Farmers Market October, 2012. Community Kitchen Design Proposal. AMS Architect staff provided technical support for the town of Lyman South Carolina by providing a design for a proposed community kitchen. The proposed multi use kitchen will serve the farmers market and the Lyman Event Center (civic center). The kitchen is designed to serve multiple functions including: farmer value added preparation, culinary training, demonstration, catering, nutrition programs, vending for the farmers market, and food service for civic and cultural events. The kitchen will be located in an existing historical facility which was a former military armory and is now city property. Dollar value of project: \$171,360. Staff time on project: 4 days

#### **Publications**

- Assessing the Economic Impacts of Regional Food Hubs: The Case of Regional Access. December 2013. Cooperator Report. Publication that describes a method for calculating economic impacts of food hubs that accounts for direct and indirect costs of operation. Cost paid in 2012.
- Measuring Effects of Mobile Markets on Healthy Food Choices Report November 2013. Cooperator Report. Publication that documents reasons people shop or do not shop at mobile produce markets, and describes healthy behavioral changes that results. Cost paid in 2012.

#### **FY 2014 Projects Underway:**

##### **Research and Data Collection**

- Food Safety for Food Hubs and Their Farmers. Develop a national business planning guide that helps food hubs assist farmers to meet the requirements for GAP certification and comply with the Food Safety Modernization Act. Document has been drafted but not finalized. Awaiting final Food Safety Modernization Act regulations to encompass relevant requirements for food hubs that handle produce. Cost: \$85,000 cooperative agreement.
- 2014 National Food Hub Conference Sponsorship. Support the convening of food hub practitioners, researchers, and funders. Conference has been conducted. Proceedings from the conference can

be viewed at <http://ngfn.org/resources/food-hubs/2014-conference/2014-conference>. Cost: \$10,000.

- AMS Grant Writing Workshops and Technical Assistance. Through the USDA National Institute for Food and Agriculture and the USDA funded Regional Rural Development Centers, develop training program and conduct outreach, education, and technical assistance to cover every State, delivered to eligible applicants for AMS Grant Program (Farmers Market and Local Food Promotion Program, Specialty Crop Block Grant Program, and Federal State Marketing Improvement Program) so that they can be better equipped for understanding, developing, submitting, and managing their Federal grant application (or grant). One hundred twenty-six (126) in-person grant writing workshops were conducted in 50 states and two U.S. territories (Virgin Islands and Puerto Rico). Cost: \$1,000,000 Interagency Agreement.
- Sustainable Agriculture and Food System Funders (SAFSF) Forum. Provided support for a national meeting of philanthropic investors, local food businesses, and federal, state, and local municipal leaders in Chicago, IL, on June 23-25, 2015, to leverage private and public partnerships that will enhance understanding and availability of resources appropriate to strengthen local food systems. The Forum allows SAFSF to highlight the links between agriculture and food systems and other critical issues: health, economic development, poverty, education, smart growth, and the viability of communities both rural and urban. Cost: \$20,000.
- Establishing Farmers Markets on Military Installations. Established a Memorandum of Understanding between AMS and the U.S. Department of Defense (DoD) Healthy Base Initiative to assist DoD in increasing healthy food access to residents on military installations. In addition, a cooperative agreement was established with the Wholesome Wave Foundation to develop, for online publication, a comprehensive manual for military installations and participating farmer's market managers to use in successfully establishing and operating a farmers market on military installations. Online manual expected to be released in FY 2015. Cost: \$100,000.
- Mobile Market Study, University of Wisconsin. Sponsored the evaluation of the potential impact of emerging mobile market distribution systems on sales for farmers providing locally grown foods. Results from this study are expected to be published in FY 2015. Cost: \$95,000.
- Multi-media Presentations of Grants Program Impacts. To develop presentations in multiple formats that describe the successful results of local food projects funded by AMS grant programs and share lessons learned with a broader audience. Results will be released throughout FYs 2015 and 2016. Cost: \$150,000.

**Market Support**

- Organic Sandy Produce, Sandy, OR. Provided technical assistances to build and develop a food hub in Sandy, Oregon. Currently the food hub is aggregating produce from local organic farms and marketing the produce to local families and restaurants in the Sandy, Oregon, area. Organic Sandy was formed to provide families with year-round access to locally grown and regionally sourced organic produce, bulk grains, herbs and locally processed foods. AMS provided a conceptual design for the proposed food hub including a community kitchen, and cold storage.
- Down to Earth Markets, Village of Ossining, NY is redeveloping the downtown and we would like to be the first community in Westchester County to develop an open air market pavilion.
- City of Carbondale, IL, AMS provided technical assistance for Carbondale to develop a central farmers market. The existing Farmers Market has been operating for 38 years and is well-established in the region. Currently the market is set up to accommodate 30 seasonal vendors and another 15-20 weekly vendors. Over the past several years the city has seen an emergence of many other small, sustainable farms that now are in a position to participate in the farmers market. Our consultation with local officials and architects provided guidance as the community seeks a design and site selection for their market.
- Rural Development Center, Salinas, CA (ALBA Headquarters) ALBA's mission is to advance economic viability, social equity and ecological land management among limited-resource and aspiring farmers. Their facility needs to expand its loading docks, coolers, cooled staging area, and an extension of the wet/dry rooms. AMS provided design guidance for the facility.
- Nevada MO, Farmers Market, TMP received a technical assistance request from the town of Nevada Missouri to assist in the planning and design of a farmers market to include a community kitchen and gardens. Our office provided case studies of other farmers markets as a guide. The city is working with Cerner Health Community Corp. to build a new model of health and care that will seamlessly integrate the two environments. The project a "Healthy Nevada" is focused on creating a culture of health in the community through education, incentives, and infrastructure. The project includes:
  - Encouraging healthy eating and activity with walk to work/school programs, healthy snack carts, easily accessible Farmer's Markets and community gardens.
  - Improving the city layout through initiatives like increasing ADA accessible sidewalks and adding bike lanes.
  - Partnering with local restaurants and grocery stores to offer healthy choices.
- Moore Street Public Market, Brooklyn NY, AMS Architect has provided technical assistance for the first USDA certified, all locally

sourced processing facility and meat counter in New York City, to be called the "Tiberio Custom Meat Shop" located in the Moore Street Public Market. The mission of the meat food hub is to support small regional farms and make local meat more affordable. This project is under auspices of Brooklyn Economic Development Corporation and supported by Bob Lewis of NYS Department of Agriculture and Markets and Darryl Cook architect of record. AMS provided a conceptual design for the wholesale meat processing operation and for a meat retail sales stand (butcher shop).

- Greenwood SC Farmers Market, AMS traveled to Greenwood SC to provide technical assistance for the development of a multi-functional farmers market on a 2.5 acre site. The proposed market site is located on a traditional Main Street. The proposed site was originally the location of the town's railroad train station. The community is actively working to reinvigorate its downtown with increase economic development activity through the Uptown Greenwood Development Corporation (UGDC). The proposed Greenwood Farmers market is a major part of the redevelopment plan to create a sense of place and community. Currently providing third party review of local architects design proposals.
- Fallbrook Village, CA, AMS provided technical design assistance to plan the expansion of the market into the county ROW (Right of Way) to include additional farmers. Our office provided a market traffic plan to provide safety for vendors and customers.
- Crossroad Community Farmers Market, Takoma Park, MD, Market manager requested technical design assistance to plan market expansion into the county ROW (Right of Way) to include additional farmers. Layout was prepared for the community to maximize the use of the site and provide vendor and pedestrian safety.
- Lancaster SC, Farmers Market, Requested Technical assistance for establishing a farmers market in downtown Lancaster as part of their revitalization plan.
- Georgetown SC Farmers Market, In the City of Georgetown, which is 60 miles north of Charleston on the coast, there's a large park adjacent to the bay. It is utilized as the county farmer's market about 8 months of the year. The current setup has temporary tents. The City is working with the County to develop a master plan for the park that will include community facilities, athletic fields. They requested conceptual plans an efficient setup for farmer's market and included other facilities like restrooms, sitting areas, etc.
- Charlotte, NC State Farmers Market, North Carolina Dept. Of Agriculture is requesting technical assistance to conduct a land use analysis of the Charlotte market and for the creation of a master plan to guide the growth of the market.
- City of Lauderdale Lakes, FL Farmers Market, Our office provide a series of green shelter designs for the market. The city is now planning to develop a food hub facility which will incorporate a

greenmarket and a community kitchen and which will function as a jobs incubator. =

- A Community Farmers Market Atlanta, GA, Requested Technical Assistance to develop a farmers market as part of a large residential development. The organization has a facility available for a potential market use. He is interested in renovating to accommodate a market.
- Farmers Market, Town of Bozrah, CT, Market manager contacted AMS for technical support to help design a new facility within the city. A barn facility would be transformed to be a public Market.
- Ypsilanti MI, Farmers Market sought assistance from AMS to create a market district that will be a community gathering place and will include an event rental space and garden supply store.
- New Albany, MS, Farmers Market, AMS is currently providing technical design assistance for the proposed city market in their downtown. The community envisions a mixed-use; public/private development on property that is adjacent to the Tallahatchie River adjacent a public park and arboretum with a walking and biking trail that connects the town's sportsplex and tennis facilities. The farmers market is the central to this development.
- Frederick MD, Farmers Market. The market manager has requested technical assistance to develop a farmers market facility in the downtown area.

#### **Publications**

- Guía informativa del centro regional de distribución de productos alimentarios. Spanish translation of Regional Food Hub Resource Guide. March 2014 Cost: \$12,000.
- Traslado de productos alimentarios a través de la cadena de valor: Innovaciones en la distribución regional de alimentos. Spanish translation of Moving Food Along the Value Chain. March 2014 Cost: \$17,380.
- Food Value Chains: Creating Shared Value To Enhance Marketing Success. May 2014. Both a theoretical model and a "how to" guide for local food enterprises who want to share more equitably the profits and risk of distributing local foods with partners who share the same business values. Cost: 4,250 hours of staff time; \$3,500 for printing.

#### **FY 2015 Projects Planned and Underway:**

##### **Research and Data Collection**

- Publish and conduct national outreach and training regarding a

practitioner's guide and toolkit to facilitate economic impact assessments of local food systems to bolster community discussions, assessments, and investment decisions. Estimated cost: \$200,000.

- Publish results of a national survey related to Community-Supported Agriculture operations that will assess emerging marketing and business strategies for resilience and profitability. Cost 60 staff hours.
- Publish evaluation results of the potential impact of emerging mobile market distribution systems on sales for farmers providing locally grown foods. Cost: 60 staff hours.
- Publish assessment of direct marketing innovations and the use of social media to support the marketing of Community-Supported Agriculture. Cost: 60 staff hours.
- Publish assessment results of pilot project to expand regional produce procurement in public school systems. Cost: 40 staff hours.
- Publish results and analysis from the FY 2013 National Farmers Market Survey. Cost: 160 staff hours.
- Publish results from research establishing food safety best practices for produce food hubs. Cost: 120 staff hours.
- Publish results from research developing a guide for establishing farmers markets on military installations. Cost 120 staff hours.
- Prepare national survey instruments for all local food enterprises listed in its local food directories (i.e., farmers markets, food hubs, on-farm markets and Community-Supported Agriculture). Cost: \$85,000.
- Partner with other federal agencies and rural planning commissions to assess and support local food systems in 26 primarily rural communities across the nation. Cost: \$100,000.
- Summarize and communicate the impact of AMS grant activity on local food enterprises in urban and rural communities. 160 staff hours.
- Establish a comprehensive and visual representation of food system resources/infrastructure to help developers, planners, investors, or policy makers gain a better understanding of the opportunities and challenges that exist for agricultural food systems in select states. Cost: \$888,000.

#### Wholesale Market Development Activities

Mr. Aderholt: Does AMS have any proposals to do additional wholesale market development projects in fiscal years 2015 and 2016?

Response: AMS proposes the following wholesale market development projects for fiscal years 2015 and 2016:

**FY 2015 Projects Planned and Underway:**

- Publish and conduct national outreach and training regarding a practitioner's guide and toolkit to facilitate economic impact assessments of local food systems to bolster community discussions, assessments, and investment decisions. Estimated cost: \$200,000.
- Publish results of a national survey related to Community-Supported Agriculture operations that will assess emerging marketing and business strategies for resilience and profitability. Cost 60 staff hours.
- Publish evaluation results of the potential impact of emerging mobile market distribution systems on sales for farmers providing locally grown foods. Cost: 60 staff hours.
- Publish assessment of direct marketing innovations and the use of social media to support the marketing of Community-Supported Agriculture. Cost: 60 staff hours.
- Publish assessment results of pilot project to expand regional produce procurement in public school systems. Cost: 40 staff hours.
- Publish results and analysis from the FY 2013 National Farmers Market Survey. Cost: 160 staff hours.
- Publish results from research establishing food safety best practices for produce food hubs. Cost: 120 staff hours.
- Publish results from research developing a guide for establishing farmers markets on military installations. Cost 120 staff hours.
- Prepare national survey instruments for all local food enterprises listed in its local food directories (i.e., farmers markets, food hubs, on-farm markets and Community-Supported Agriculture). Cost: \$85,000.
- Partner with other federal agencies and rural planning commissions to assess and support local food systems in 26 primarily rural communities across the nation. Cost: \$100,000.
- Summarize and communicate the impact of AMS grant activity on local food enterprises in urban and rural communities. 160 staff hours.
- Establish a comprehensive and visual representation of food system resources/infrastructure to help developers, planners, investors, or policy makers gain a better understanding of the opportunities and challenges that exist for agricultural food systems in select states. Cost: \$888,000.

**FY 2016 Projects Planned:**

- National survey of local food enterprises (i.e., farmers markets, food hubs, on-farm markets and Community-Supported Agriculture).
- Continue data collection and state-wide mapping of food system resources/infrastructure to help developers, planners, investors, and policymakers gain a better understanding of their food system.
- Establish an agritourism directory.

Staff Years and Positions

Mr. Aderholt: Please provide a table showing the number of staff years and positions under AMS from all funding sources for fiscal years 2009 through estimated 2016.

Response: The information is provided for the record.

[The information follows:]

AMS Staff Years and Permanent Positions										
Funding Source	2009	2010	2011	2012	2013	2014	2015	2016		
Marketing Services - Approp	445	453	441	416	402	363	416	412	Est.	Est.
Reimbursed (R&P)	27	26	27	25	23	24	27	27		
Payments to States	0	0	0	0	0	1	1	1		
Sec. 32 - Appropriated	155	162	160	171	160	149	172	172		
Reimbursed (Federal)	8	6	4	9	9	9	9	9		
Farm Bill (FMPP/SCHG)	6	8	8	9	2	7	12	12		
PACA	82	78	75	72	71	63	77	77		
Fees for Grading Cotton/Tobacco	360	393	421	341	382	331	421	421		
Grading of Farm Products	1,348	1,324	1,332	1,328	1,318	1,243	1,338	1,351		
Total Staff Years	2,431	2,450	2,468	2,371	2,367	2,191	2,474	2,483		
Total Permanent Positions	2,229	2,223	2,133	2,109	1,962	1,954	1,965	1,966		

## APHIS Budget Proposal

Mr. Aderholt: APHIS proposed reductions for a number of accounts as a result of a requirement for more cost share on the behalf of the beneficiary. However, the Agency lacks consistency when applying this principle - some programs require more cost share while other programs require the federal government to pay 100 percent of the entire cost for a service. Will the Administration consider issuing a new policy on this matter and requiring states to request? When does APHIS decide to pay 100 percent of a service, when does the Agency require partial cost-share, and when does APHIS require 100 percent of the service to be paid by the private or public recipient?

Response: APHIS works as a partner with its cooperators at the State, local, and industry levels to achieve overall program goals. This is especially true for pest and disease control and eradication programs. Since these pests and diseases have a direct impact on State and local conditions and since States and localities are beneficiaries of the actions, it is appropriate that all parties will accept their share of responsibility by devoting resources to address the outbreak before significant economic damage occurs.

The Federal government can accomplish more when program partners help support the programs that directly benefit them. Factors considered when determining an appropriate level of cost share to pursue include, among other things, whether it is a new threat or a longstanding program effort, whether the pest or disease spreads quickly, and whether commercial interests are at stake. The Agency has used these factors when determining program actions and total resources available at all levels for many years and plans to continue to do so in the future in lieu of a formal policy regarding cost share.

## Facilitating U.S. Trade

Mr. Aderholt: APHIS is the lead USDA agency for fighting the scientific battles associated with non-tariff trade barriers overseas and helping U.S. exporters to open up markets. Increasing access to foreign markets allows for the sale of more U.S. goods and thus supports more U.S. based jobs. Congress provided additional funds for this purpose in the FY 2015 Omnibus.

Please describe the efforts over the past two years on overseas technical support, including details on the use of dollars, FTEs and other related sources.

Response: APHIS has made capacity building a pillar of its strategic plan and conducts capacity building activities to assist developing countries with strengthening and/or establishing animal and plant health regulatory systems and infrastructure. With a regulatory infrastructure in place, developing countries have the ability to import agricultural goods from other countries, including the United States. This assistance also helps prevent animal and plant health diseases from spreading into the United States.

To accomplish its capacity building efforts, APHIS conducts training courses and provides onsite technical assistance at the request of other U.S. agencies, including the Department of Defense, U.S. Agency for International Development, and USDA's Foreign Agricultural Service. APHIS also aligns its efforts with global initiatives sponsored by the Food and Agricultural Organization of the United Nations, the World Organisation for Animal Health, and the International Plant Protection Convention to increase the impact of individual projects. APHIS devotes resources and effort to reviewing requests and aligning capacity building projects with strategic, high-priority goals, such as conducting projects in areas where pests and diseases have likely pathways to the United States and/or countries that are likely to become a trading partner.

In FY 2014, APHIS used \$2,688,000 in appropriated funds, \$3,712,000 in reimbursable funds, and 25 Full Time Equivalent positions (FTEs) for capacity building activities. In FY 2015, APHIS anticipates using \$3,120,000 in appropriated funds, \$3,060,000 in reimbursable funds, and approximately 27 FTEs to support these activities. The FTEs include animal and plant health subject matter experts from various APHIS programs who provide overseas technical support.

Mr. Aderholt: What role does the MRP mission area have in the technical support for the two ongoing free trade agreement discussions - Trans Pacific Partnership (Asia) and the Transatlantic Trade and Investment Partnership (Europe)? Please provide specific examples.

Response: As part of a U.S. government, interagency team led by the U.S. Trade Representative's Office (USTR), APHIS provides the technical expertise needed to successfully address animal and plant health regulatory issues associated with these free trade agreement negotiations. APHIS fully supports the Trans Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP). Since the first round of TPP negotiations in March 2010, APHIS has provided: (1) technical support in addressing bilateral sanitary and phytosanitary (SPS) issues, and (2) guidance to the U.S. government team regarding negotiating criteria for the animal and plant health components of the SPS chapter text in both the TPP and TTIP agreements. As part of the MRP mission area, APHIS is directly responsible for protecting the animal and plant health resources of U.S. production agriculture and natural resources. APHIS' participation in the negotiation helps ensure that the SPS framework incorporated into the agreement is compatible with U.S. animal and plant health quarantine policies, while promoting the export interests of U.S. agricultural producers. In consultation with USTR, USDA sister agencies and U.S. industry groups, APHIS has identified specific SPS issues to resolve or substantially advance with individual countries as the agreements are finalized.

Bilateral discussions with TPP partners have resulted in: (1) new access for peaches and nectarines to Australia worth \$3 million; (2) market expansion for table grapes to the state of Western Australia

worth \$6 million; (3) removal of Vietnam's import suspension on U.S. offal products worth \$30 million; (4) removal of Chile's trichinae testing requirements for imported shipments of U.S. fresh pork worth \$2.5 million (5) removal of Vietnam's remaining bovine spongiform encephalopathy (BSE)-related restrictions on U.S. beef and beef products worth \$5 million; (6) removal of Singapore's remaining BSE-related restrictions on U.S. beef and beef products worth \$2 million; (7) removal of Peru's trichinae testing requirements for imported shipments of U.S. fresh pork worth \$5 million; and (8) removal of Japan's restrictions on importation of bovine hides and bones for use in the production of gelatin and collagen worth \$10 million.

APHIS will be engaged during multiple TTIP rounds in discussions aimed at resolving specific SPS trade issues under TTIP. A round of TTIP negotiations was held in Brussels on February 2-6, 2015, and another will be in New York on April 20-25, 2015. APHIS will participate in both the SPS and Regulatory Coherence portions of the negotiations. Those negotiations include detailed discussions of the text proposals by the United States and European Union (EU) for each Chapter. In addition, APHIS has attended interagency meetings at the offices of the USTR to discuss preparations for the tenth round of negotiations scheduled for the summer of 2015.

The United States is expected to continue to push the EU to open up their rulemaking system for more transparency and broader input that would include a regular mechanism for public comments to be solicited and taken into account in developing regulations. APHIS will continue to pursue opening new markets for U.S. agricultural exports with the EU, the largest importer of agricultural products and food.

Mr. Aderholt: Some sanitary/phytosanitary trade barriers hinder U.S. agricultural exports and strain relations with major trading partners. What has APHIS done to help overcome these trade barriers? Please provide recent examples.

Response: USDA and APHIS successfully resolve trade barriers related to animal and plant health concerns, participate in the development of international standards, and promote the understanding of sanitary and phytosanitary principles both at home and abroad. APHIS partners with other agencies, such as the Foreign Agricultural Service and United States Trade Representative, in taking a proactive approach to systematically address barriers that arise and have the potential to significantly impact U.S. exports. APHIS has done this with a number of past and present issues, including H1N1, bovine spongiform encephalopathy, and avian influenza.

When animal or plant health concerns potentially limit the movement of a commodity in international trade, APHIS scientists and technical staff enter into negotiations with their foreign counterparts on the scientifically-identified risks related to the movement of the product. APHIS exchanges technical information with trading partners to address the health concerns of the countries involved and enables trade to resume. In addition, APHIS attachés posted overseas play an

active role by resolving urgent problems involving U.S. shipments detained at foreign ports of entry. The exchange of technical and scientific information can often convince an importing country that the risk associated with imported product is less than had been perceived or can safely be mitigated.

In FY 2014, APHIS resolved approximately 170 trade-related issues involving agricultural exports, allowing trade worth more than \$2.5 billion to occur. These export accomplishments include opening new markets of pet food to Belarus worth \$10 million, retaining the U.S. soybean, soymeal, and cornmeal market to Malaysia worth \$170 million, and expanding the chilled pork market to Colombia worth \$50 million. In FY 2014, APHIS attachés successfully obtained the release of more than 273 individual shipments of U.S. agricultural products detained at foreign ports of entry worth more than \$49 million.

The World Organisation for Animal Health (OIE) and the International Plant Protection Convention (IPPC) are recognized by the World Trade Organization as the definitive global bodies responsible for establishing science-based sanitary and phytosanitary standards that promote safe trade of agricultural products. Because of its regulatory expertise, APHIS is the lead U.S. government agency for coordinating the solicitation of input from U.S. stakeholders and the academic community and for negotiating international animal and health standards under the IPPC and OIE. Standards developed by these international bodies are the foundation for establishing national-level plant and animal health related import and export regulations and policies.

#### International Programs

Mr. Aderholt: Through the international programs, APHIS maintains a presence in countries that are significant agricultural trading partners. For the record, please provide a list of all countries where APHIS has personnel, the number of employees in that country and a brief description of the work conducted in that country. Were any countries added or deleted in fiscal years 2013 and 2014 or planned in 2015?

Response: APHIS' overseas officials conduct a variety of activities including: overseeing pest and disease exclusion efforts; resolving sanitary and phytosanitary (SPS) issues; negotiating new markets, and expanding and retaining existing markets; resolving problems with detained shipments due to SPS concerns or lack of proper documentation; operating preclearance programs funded through trust funds in approximately 20 countries to ensure products destined for the United States are inspected before departure and meet U.S. entry requirements; and, cooperating with foreign counterparts to keep informed of the regional plant and animal health issues that support regular assessment of import and inspection policies, validate risk assessments, and identify pests and diseases to target for surveillance.

In addition, our officials help developing countries strengthen their regulatory infrastructures and enhance their pest and disease control programs. These activities assist U.S. producers in accessing export markets while protecting U.S. agricultural health.

Agency officials also work with international organizations such as the World Organisation for Animal Health to develop science-based standards for international trade and conduct projects to improve regulatory infrastructures in other countries. APHIS works cooperatively with foreign governments to prevent the entry of pests of significant economic importance from entering the United States by creating a pest-free barrier. For example, APHIS works with the Governments of Mexico, Belize, and Guatemala to prevent the entry of Mediterranean fruit flies and maintain a pest-free barrier at the Mexico-Guatemala border. In addition, the cooperative sterile insect rearing facilities in Guatemala provide sterile Medflies to California and Florida to support the preventive release programs and sterile Mexican fruit flies to support the eradication program in Texas. APHIS, in collaboration with the Government of Panama, established a screwworm biological barrier at the Darien Gap to prevent screwworms from spreading into Panama and further northward from South America. These activities control the pests and diseases at their source and prevent them from spreading to the United States through natural means or from trade.

In FY 2015, APHIS will convert a large number of seasonal employees working on Trust Funds and preclearance activities in Mexico to full-time permanent foreign national staff. Work on the avocado preclearance program has become a year round activity which requires seasonal employees to be changed to full time staff. In addition, APHIS hired full-time foreign nationals in Mexico to work on other preclearance programs and plant health programs addressing various pests and diseases such as fruit flies and the Asian citrus psyllid. APHIS continues to evaluate overseas operations and post locations on an ongoing basis to make sure our resources are strategically located to reduce risks to U.S. agriculture and to facilitate safe agricultural trade.

In FY 2013, APHIS closed offices in Ottawa, Canada; Sao Paulo, Brazil; and Tegucigalpa, Honduras. No offices were opened or closed in FY 2014. There are no plans to open or close offices in FY 2015.

The following table provides a list of all countries where APHIS has staff and the number in each. Appropriations, user fees, reimbursable agreements, and trust funds fund these personnel, which includes American direct hires, locally employed staff, and employees funded by outside sources (e.g. trust funds and reimbursable agreements.)

[The information follows:]

Region	Country	FY 2013	FY 2014	FY 2015 (est.)
Africa	Senegal	3	3	2
	Egypt	4	4	4
	Kenya	1	0	0
	South Africa	3	4	4
Asia/Pacific	Afghanistan	1	1	2
	China	5	6	6
	India	3	3	3
	Japan	4	4	4
	Pakistan	2	1	1
	Philippines	4	4	4
	South Korea	3	3	2
	Taiwan	2	2	2
	Thailand	3	3	4
	Caribbean	Dominican Republic	3	3
Haiti		13	13	12
Jamaica		5	4	4
Trinidad/ Tobago		1	1	1
Central America	Belize	1	1	1
	Costa Rica	4	4	4
	Guatemala	21	20	20
	Honduras	1	0	0
	Panama	20	20	18
Europe/Near East	Austria	1	1	1
	Belgium	5	5	5
	France	1	1	1
	Germany	1	1	1
	Italy	2	2	2
	Netherlands	4	2	3
North America	Canada	1	0	0
	Mexico	104	103	171
South America	Argentina	7	4	5
	Bolivia	1	1	1
	Brazil	3	3	3
	Chile	21	16	16
	Colombia	3	4	4
	Ecuador	1	1	1
	Peru	2	2	2
	Uruguay	1	1	1
Total		265	251	319

Mr. Aderholt: How much does APHIS expect to reimburse the Department of State for shared administrative costs in fiscal years 2014 or and 2015? How does this compare to previous years?

Response: APHIS pays the United States Department of State for International Cooperative Administrative Support Services (ICASS). The ICASS system is the principal means by which the U.S. Government provides and shares the cost of common administrative support needed to ensure effective operations at diplomatic and consular posts abroad.

[The information follows:]

STATE DEPARTMENT (ICASS) REIMBURSEMENTS*	
Fiscal Year	Reimbursement amount
2007	\$3,385,655
2008	3,405,388
2009	3,296,911
2010	3,794,227
2011	3,749,488
2012	3,390,079
2013	3,246,618
2014	3,013,180
2015 (est)	3,250,000

\*The amount paid is based on actual services provided during the prior year and per capita charges. APHIS closed several offices in FY 2012 and FY 2013, and has not filled certain vacancies as overall cost-cutting measures have been implemented, which has led to relatively lower ICASS payments for FY 2013 and 2014.

Mr. Aderholt: Please list the trust fund agreements that APHIS has with major exporting groups.

Response: The following table represents FY 2014 agreements, as the amount of the FY 2015 agreements will be based on services provided and are not available at this time.

[The information follows:]

## APHIS TRUST FUND AGREEMENTS WITH MAJOR EXPORTING GROUPS

Trust Fund Agreement	Country	FY 2014 Amount	Major Commodity
Valexport	Brazil	\$1,623,985	Mango
Asociacion de Exportadores de Frutas de Chile (ASOEX)	Chile	1,958,956	Various fruits, vegetables, cut flowers
Association Nationale Des Exportateurs des Mangues	Haiti	415,705	Mango
Anthos (Bond van Bloembollenhandelaren)	Netherlands	574,300	Bulbs, perennials
Ministry of Agriculture and Rural Development (MOAG)	Israel	30,435	Bulbs
Lingarden	United Kingdom	29,407	Bulbs
Federal Agency for the safety of the food chain (FASFC)	Belgium	4,977	Bulbs
Ibertrade	Spain	132,500	Citrus
Hortgro (Deciduous Food Producers Trust)	South Africa	287,800	Citrus, bulbs
Centro Servizi Ortofrutticoli (CSO)	Italy	49,974	Apples, pears
Le Crunch	France	16,193	Apples, pears
Empacadoras de Mango de Exportacion, A.C. (EMEX)	Mexico	1,856	Mango
Asociacion Mexicana de Empacadores de Citrico, A.C. (AMECAC)	Mexico	178,472	Oranges, tangerines
Asociacion de Empacadores de Frutas Irradiadas de Mexico, A.C. (ASEFIMEX)	Mexico	189,973	Guava, Manzano pepper, pomegranate

Trust Fund Agreement	Country	FY 2014 Amount	Major Commodity
Expertadores de Aguacate de Mexico, A.C. (APEAM)	Mexico	2,971,625	Avocado
Comite Estatal de Sanidad Vegetal de Baja California	Mexico	5,667	Cotton seed
National Agricultural Cooperative Federation	Korea	298,044	Sandpear, apple
Korea Agriculture Food Trade Association	Korea	46,417	Chestnut
Pipfruit to USA Exporters	New Zealand	205,519	Pipfruit (pears, apples, Asian pears)
Buddy Coconut Company Limited	Thailand	230,846	Mangosteen, longan, rambutan
National Bureau of Agricultural Commodity and Food Standards	Thailand	64,141	Mangosteen, longan, rambutan
Son Son Joint Stock Company	Vietnam	298,791	Mangosteen, longan, rambutan
Agricultural and Processed Food Products Export Development Authority	India	94,183	Mango
Copexeu	Argentina	875,362	Various fruits
Upefruy	Uruguay	186,667	Blueberries, citrus
Total		\$10,771,795	

## Feral Swine Program

Mr. Aderholt: Congress provided APHIS \$20 million to start a new comprehensive feral swine control program. These animals cause an estimated damage of \$1.5 billion annually and have frequent interactions with livestock and humans, therefore posing a health risk.

What activities have been conducted to address the threats to and from zoonotic disease in the new feral swine program, as well as other Agency programs?

Response: APHIS' National Feral Swine Damage Management Program conducts targeted, risk based monitoring for two significant zoonotic diseases of concern, swine influenza and swine brucellosis. Annually, APHIS is testing for zoonotic diseases collected from more than 2,800 feral swine. In collaboration with State and local partners, the Agency is also sampling feral swine for other zoonotic diseases, such as E. coli, leptospirosis, Hepatitis E., and tuberculosis. APHIS collaborates with other Federal and State agencies to produce educational materials about these zoonotic diseases.

To address the threats posed by zoonotic diseases, APHIS participates in several One Health efforts. This includes developing strategies, policies, and training to help animal health stakeholders to effectively engage with public health counterparts, provide guidance, facilitate information exchange, and enhance responses to One Health issues. Through national or targeted studies, APHIS gathers information on the prevalence of zoonotic pathogens on-farm. We have participated in multiple investigations of zoonotic diseases of concern, including tuberculosis, influenza, and Salmonella. The National Veterinary Services Laboratories (NVSL) support diagnostic and biologic testing for zoonotic diseases; we work with the Centers for Disease Control and Prevention (CDC), and other agencies to evaluate genotyping technologies for zoonotic pathogens; and we support the testing and development of new technologies to address zoonotic pathogens during outbreaks and investigations. These activities help us protect public health and benefit animal health and marketability.

More recently, APHIS supported the USDA's Ebola Response, and worked across several Agencies and APHIS programs to provide technical expertise to our Federal and State interagency partners and ensure a coordinated One Health approach. Similarly, since December 2014, USDA has confirmed dozens of cases of highly pathogenic avian influenza (HPAI) in the Pacific, Central, and Mississippi flyways. Although the CDC considers the risk to humans to be low, the Agency is positioned to coordinate with the CDC if necessary. Finally, the NVSL is working with CDC to analyze genomic sequencing of HPAI isolates from the current outbreak for changes that could indicate the virus has become transmissible to humans.

Mr. Aderholt: Please provide specific details on the major activities within this program, including the breakout of dollars and FTEs for each type of activity for FY 2014 and estimates for FY 2015.

Response: APHIS serves as the lead Federal agency in a cooperative effort with other Federal, State, tribal, and local entities that share a common interest in addressing feral swine. APHIS is reviewing information gathered through the National Environmental Policy Act process to determine whether the preferred program management alternative is suitable or other considered alternatives need to be implemented. The program is based on an integrated approach to controlling feral swine damage, and it included four key components: field operations, disease and population monitoring, research, and communication and outreach.

Breakout of Feral Swine Program Activities

Activity	FY 2014		FY 2015 (est)	
	Funding	FTEs	Funding	FTEs
Field operations	\$15,787,088	54	\$15,800,000	54
Disease and population monitoring	634,392	1	600,000	1
Research	3,111,721	1	3,100,000	1
Communication and outreach	466,799	2	500,000	2
Total	\$20,000,000	58	\$20,000,000	58

Field operations: The strategy is to suppress feral swine populations and reduce damage and, where possible, eliminate feral swine to avoid future risks and damages. APHIS is removing feral swine in the 41 States where animals have been identified. Already, the program has removed feral swine to the point of placing Washington, Idaho, Wisconsin, New York, and Maryland, on track to be declared feral swine free by the end of FY 2015. Field staff support disease monitoring and research activities by collecting samples and data, provide expertise for or conduct outreach activities, and generally provide support for other components of the program.

Disease and population monitoring: APHIS monitors feral swine for the five diseases recognized to be of national concern (i.e., classical swine fever, swine brucellosis, porcine reproductive and respiratory syndrome, swine influenza, and pseudorabies), and continues to refine strategies for risk-based sampling. APHIS is also working with partners at regional and local levels to better assess other disease risks posed by feral swine.

Research: Research efforts are directed towards enhancing tools and strategies available to meet national feral swine goals. Research remains focused on developing an effective and safe feral swine toxicant to help reduce the populations. An active ingredient for a toxicant has been identified, along with a delivery system and effective bait. APHIS is currently working through the U.S. Environmental Protection Agency registration process for this product. APHIS also is conducting several surveys and developing direct damage

assessment protocols for improving our understanding of damages and associated costs.

Communication and Outreach: APHIS is developing a national communication plan. The plan includes educating the public on the negative impacts of feral swine and encourages a more cooperative approach to resolve the problem. APHIS is collaborating with Tuskegee University and the 1890 Land Grant extension offices to communicate with and conduct outreach activities for limited resource farmers. APHIS is also collaborating with Mississippi State University to develop a K-12 educational curriculum, and is collaborating with Auburn University to lead an effort to develop a National Feral Swine Task Force.

Mr. Aderholt: What has the program accomplished to date with regard to controlling feral swine? What results have you seen that indicate you are making progress in addressing the issue?

Response: Since the program began in FY 2014, the Agency has made progress on all components of the APHIS National Feral Swine Damage Management Program (operations, research, disease monitoring, outreach, program planning and monitoring, and regulations). APHIS has worked cooperatively with State agencies and others interested in reducing feral swine damage to form task forces in States where there are recognized feral swine populations. The task forces have developed State-level management control plans that outline management goals and objectives, which range from total elimination of feral swine populations to management of individual populations.

The Agency has established operational capacity to address feral swine problems in all 41 States that recognize feral swine as a concern. In cooperation with landowners, APHIS has agreements to conduct feral swine activities on 124.4 million acres. Activities already completed have led to five States anticipated to be declared feral swine free by the end of FY 2015, and another four States expected free of feral swine in FY 2016. The removal of feral swine is suppressing livestock and crop damage and enabling some farmers to return to farming practices previously abandoned because of feral swine impacts. APHIS continues to pursue the licensing of a feral swine toxicant with the Environmental Protection Agency as a means of reducing the population. Once registered, the Agency has developed an inexpensive and mobile feral swine specific delivery system, as well as developed a bait matrix for toxicant delivery to feral swine.

Additionally, studying feral swine genetics and diets allows the Agency to identify feral animals and determine their presence in environmental samples, for example DNA material left in ponds or wallows. Efforts to better document feral swine impacts also are underway. In June 2015, APHIS will partner with the National Agricultural Statistic Service to assess the extent of feral swine damage to crops. In parallel, the Agency will conduct a similar survey with limited resource farmers. This data will provide better estimates

of feral swine populations and locations, along with movement and behaviors when introduced to new habitats.

APHIS continues to monitor feral swine for the five diseases recognized to be of national concern (i.e., classical swine fever, swine brucellosis, porcine reproductive and respiratory syndrome, swine influenza, and pseudorabies). APHIS is also working with partners to better assess other disease risk posed by feral swine. In collaboration with USDA's Food Safety and Inspection Service and Agricultural Research Service, APHIS is documenting zoonotic diseases found in feral swine carcasses being processed in abattoirs for human consumption. Other research projects have determined feral swine porcine epidemic diarrhea virus serological status in the Great Lakes States and Hawaii, and conducted further assessments of pathogens shared between feral swine, livestock, poultry and humans.

APHIS feral swine activities are protecting 90 threatened and endangered species; 39 animals and 51 plants. For example, the removal of feral swine improves the safety of nesting sea turtles on barrier islands off South Carolina and reduces damage to hardwood timberlands in Alabama.

Mr. Aderholt: APHIS is requesting an overall reduction of nearly \$10 million for wildlife management programs in FY 2016. How can you reduce this program, where most feral swine activities are funded, and not negatively impact this new initiative?

Response: The FY 2016 President's Budget requests reductions in funding for the programs that support the Oral Rabies Vaccination program, as well as activities to protect natural resources and public roadways from problematic wildlife. The proposed decreases allow the Agency to remain focused on priority activities, including the continuation of funding for the National Feral Swine Damage Management program. For those programs impacted by the proposed reductions, APHIS is committed to working with affected States and cooperators to provide services on a reimbursable basis. In FY 2016, APHIS plans to continue to spend \$20 million on the National Feral Swine Damage Management Program.

#### Avian Health

Mr. Aderholt: Various strains of the avian influenza virus have been found in western states since mid-December 2014 and are now spreading to much of the Midwest. The virus has been detected in wild birds and commercial poultry. Several members of the Subcommittee have poultry in our districts and we are concerned about how these findings and spread of the virus may impact our constituents.

What actions have been taken to date to address the detections of the virus? Are there other actions that can or should be taken by APHIS or agency partners to address the issue? Is the FY 2016 budget request adequate to continue to address the issue? Please specify

which line items contain support for this effort.

Response: We have rapidly responded to avian influenza (AI) detections in poultry and have immediately reported each of the detections to the World Organisation for Animal Health (OIE) and our trading partners. In addition, we have been working with officials from affected States to respond in accordance with AI response plans. These plans include implementing quarantine restrictions, depopulating affected flocks, indemnifying producers, cleaning and disinfecting affected premises, and conducting surveillance in surrounding areas. In addition, we are working to minimize trade impacts by holding bilateral discussions with trading partners and encouraging acceptance of OIE trade standards. APHIS is working with the poultry industry to look at possible pathways for viral introduction. In addition, we are arranging for poultry producers whose flocks test negative for AI to move their products out of the quarantine zone under specific protocols. Further, APHIS is collecting and analyzing epidemiological information to better understand how farms become exposed and infected and to confirm that lateral farm-to-farm spread is not occurring. Based on this information, we will adjust our biosecurity measures and disease responses as appropriate. We believe that APHIS and our agency partners are doing everything possible to effectively address this issue.

We developed our FY 2016 budget request before this outbreak escalated to the extent that it has today. We are monitoring this situation closely, and are keeping our trading partners fully informed. To address this issue, we are using appropriated and emergency funding carried over from previous years as well as funds appropriated in FY 2015, to carry out response actions. The following APHIS line items have supported this effort: Avian Health, Emergency Preparedness and Response, Veterinary Biologics, Veterinary Diagnostics, National Veterinary Stockpile, and Agriculture Import Export. If we find that we cannot adequately address the situation through these funding sources, we will pursue emergency funding sources.

Mr. Aderholt: What is USDA doing overseas to bolster the overall effectiveness of U.S. avian health programs?

Response: APHIS maintains seven offices in Asia, the region with the greatest avian health threats, to provide points of contact for U.S. agricultural interests and help collect relevant, real-time information such as updates on changes in avian health. For example, APHIS' office located in Bangkok, Thailand, focuses on avian health in Southeast Asia's lesser-developed economies. APHIS conducts surveillance, capacity building, training and oversees monitoring, epidemiology, and diagnostic testing throughout the region. USDA works closely with the World Organisation for Animal Health and other international organizations to assist with disease prevention, management, and eradication activities in regions affected with highly pathogenic avian influenza. Assisting other countries reduces the risk of the disease spreading from overseas to the United States.

Over the last five years, U.S. poultry exports have increased from \$4.8 billion in FY 2010, to \$6.4 billion in FY 2014. To open markets for U.S. poultry, APHIS negotiates protocols for trade of poultry and related products. When markets close to certain States or regions in response to avian influenza detections in poultry, APHIS provides science-based rationales to reopen markets, coordinates informational visits and exchanges, works with U.S. industry to arrange meetings with regulatory decision makers in both the United States and foreign governments and participates in negotiations. For example, we negotiated a new agreement with Japan that reduced the area of low pathogenic avian influenza-related trade restrictions from an entire U.S. State to a ten-kilometer radius around the affected premises. In FY 2014, APHIS was successful in retaining export markets for U.S. poultry and poultry products to Japan, China, and Taiwan, among other countries.

APHIS' ongoing efforts to maintain and enhance avian health programs in the United States are an important foundation for ensuring continued growth in U.S. poultry and poultry product exports. In FY 2015, APHIS will continue to support U.S. poultry and poultry product exports.

Mr. Aderholt: Please provide details as to which foreign markets currently block U.S. exports of poultry as a result of non-tariff trade barriers? Also, describe any recent activities and support provided by APHIS to the U.S. trade agencies to open these markets to U.S. poultry and/or poultry products.

Response: Currently, 51 trading partners have implemented restrictions on imports of U.S. poultry products due to highly pathogenic avian influenza (HPAI) detections. Thirty-six countries have implemented regionalized trade restrictions and 15 countries have banned imports of all U.S.-origin poultry products. It is important to note that 22 of the 36 regionalized suspensions are where the United States has self-suspended exports because current HPAI-related certification statements for shipment of poultry meat or table eggs can no longer be endorsed. APHIS continues to inform the World Organisation for Animal Health (OIE) and international trading partners of detections. APHIS is working with trading partners to minimize trade impacts as much as possible by holding bilateral discussions with trading partners and encouraging acceptance of OIE trade standards.

Several countries restrict U.S. exports of poultry or poultry products as a result of non-trade tariff barriers. This includes sanitary and phytosanitary issues that APHIS addresses as well as food safety issues addressed by USDA's Food Safety and Inspection Service (FSIS). Concerns over HPAI detections in California and the Pacific Northwest have resulted in some countries (most notably China, Korea, South Africa, Russia, and Morocco) suspending imports of all U.S.-origin poultry and poultry products. Other trading partners (e.g. Japan, Taiwan, Hong Kong, Singapore, Canada, and Mexico) have regionalized their suspensions to specific U.S. States or counties where there have been confirmed detections of HPAI in poultry.

Additionally, China, Colombia, and Russia have restricted market access to raw poultry due to zero tolerance policies for pathogens such as salmonella and listeria. Russia and the European Union also restrict U.S. poultry products related to the use of pathogen reduction treatments.

Historically, detections of low pathogenic avian influenza (LPAI) in the United States have caused some foreign markets to maintain precautionary measures that unnecessarily impede U.S. poultry exports. Through APHIS-led efforts, various bilateral protocols have been established to minimize the impact of LPAI-related trade suspensions on U.S. exporters. APHIS is actively engaged with the Office of the United States Trade Representative (USTR) and USDA's Foreign Agricultural Service (FAS) to ensure that U.S. poultry and poultry products gain and retain access to foreign markets. APHIS provides scientific information about the health status of U.S. poultry and potential regional situations regarding potential outbreaks of poultry diseases. Because issues affecting poultry exports are complex and involve both animal and human health concerns, APHIS works very closely with FSIS, FAS, and USTR.

#### Biotechnology Review in APHIS

Mr. Aderholt: It has been several years since APHIS announced process improvements to the biotechnology petition regulatory review program intended to significantly reduce the time for review and approval of new traits in seed products. Last year, you told this Subcommittee that the goal was to get approvals done in about a year, and that the backlog would be reduced by about half.

Please provide a status of the backlog and what progress you have been able to achieve. When do you anticipate no longer having a backlog of petitions?

Response: USDA has made significant progress in improving the timeliness of petition reviews and the reduction of the backlog without sacrificing scientific integrity. Published petitions are currently taking on average 1.8 years, a time savings of approximately 1.2 years. In addition, prior to process improvement implementation, USDA had a backlog of 23 petitions. USDA has two backlogged petitions for creeping bentgrass and freeze tolerant eucalyptus which require extensive review and environmental analyses. USDA is currently preparing an Environmental Impact Statement (EIS) for these two petitions. We expect to complete them in FY 2016. Products that require a full EIS involve a longer period of time to complete and therefore operate on a longer schedule and timeframe than those petitions that do not require an EIS. Nevertheless, the Agency has dedicated resources to conduct the more rigorous analysis for these genetically engineered products.

Mr. Aderholt: The Secretary made a commitment, along with the EPA Administrator, to improve coordination between the USDA and EPA agencies. Are the two agencies working better than they had before?

Response: Yes, USDA and EPA are working to enhance coordination of regulatory reviews. In December 2012, APHIS and EPA held the first of regular discussions to lay out a strategy to improve collaborations and coordination between the two agencies for the review of new uses of existing herbicides (under EPA's authorities) and genetically engineered crops resistant to those herbicides (under APHIS' authorities). APHIS' improvements in the petition process reduce the time it takes to complete the review process. The new timelines for products requiring an Environmental Assessment are very similar to EPA's registration timelines under the Pesticide Registration Improvement Act. As a result, the two agencies have joint timelines for reviews that highlight critical information sharing and public engagement points that increase the likelihood of synchronous approvals. Currently, APHIS and EPA are coordinating a review of a corn crop resistant to corn rootworm and an herbicide.

Mr. Aderholt: Please inform the Subcommittee of how many products are awaiting approval, in accordance with the Plant Protection Act, from APHIS and the average length of time new product approval requires?

Response: USDA only has two backlogged petitions and we expect to complete them in FY 2016. Additionally, we have four other recent arrivals awaiting a regulatory status determination. We have made significant progress in decreasing timelines. Published decisions are currently taking an average of 1.8 years, a time savings of approximately 1.2 years. For any new petitions received in FY 2015, USDA will meet the new timeline goal of 15 months for a petition review.

Mr. Aderholt: Please provide the Subcommittee with a table showing the staffing and funding for the Biotechnology Regulatory Services for the past five years as well as planned expenditures for fiscal years 2015 and 2016. Please note any reprogrammings or transfers included in these amounts.

Response: The information is submitted for the record. There are no reprogrammings or transfers of funds from FY 2010 through FY 2016.

[The information follows:]

BIOTECHNOLOGY REGULATORY SERVICES  
FUNDING AND STAFF YEARS  
(Dollars in Thousands)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 (est)
Funding	\$13,322	\$13,037	\$18,135	\$16,738	\$18,135	\$18,875	\$18,901
Staff Years	81	81	92	90	92	92	92

Mr. Aderholt: Please provide the Subcommittee with an update on APHIS animal-related biotechnology activities.

Response: The Animal Health Protection Act provides authority for regulating animals, including insects that pose a risk to the health of livestock. APHIS does not differentiate between genetically engineered (GE) and non-GE animals and has no separate regulation to specifically address genetically engineered animals. Thus, APHIS regulates certain animals, including certain insects, whether GE or non-GE, that may pose a risk to animal health under its existing animal health regulation. The Food and Drug Administration (FDA) has rigorous regulations over GE animals under the new animal drug provisions of the Federal Food, Drug, and Commerce Act that, among other things, consider animal health. APHIS coordinates with FDA on issues related to GE animals and animal pests on a case-by-case basis.

Mr. Aderholt: Please inform the Subcommittee of all payments made by USDA to outside organizations as a result of legal challenges to any aspect of the biotechnology review process at USDA or USDA agencies. The response should include the names of all organizations receiving payment, the respective dollar amounts, and the account from which the payment was made.

Response: In FY 2008, APHIS paid a legal settlement of \$443,327 to Earth Justice and in FY 2009, APHIS paid a settlement of \$85,141 to the International Center for Technology. In FY 2012, APHIS paid two separate legal settlements to the Center for Food Safety in the amounts of \$1.20 million and \$2.21 million. APHIS' Biotechnology Regulatory Services annual appropriations funded all of the payments for its legal challenges. In all these cases, APHIS paid plaintiffs' attorney fees pursuant to the Equal Access to Justice Act for litigation brought successfully against the Agency. Since FY 2012, APHIS has not paid anything as a result of legal challenges.

## Methyl Bromide Phase-out

Mr. Aderholt: Please update the Committee on the agency's activities related to the Montreal Protocol and methyl bromide. What specific activities are planned for fiscal years 2015 and 2016?

Response: USDA works closely with the State Department and the Environmental Protection Agency (EPA) to provide support to the U.S. delegation for the Parties to the Montreal Protocol on critical uses, and quarantine and pre-shipment uses of methyl bromide. Although quarantine and pre-shipment uses of methyl bromide are exempt from phase out, APHIS continues to conduct and collaborate on research investigating alternatives to methyl bromide to control quarantine pests in agricultural imports and exports. In addition to the exemption for quarantine and pre-shipment uses of methyl bromide, the Montreal Protocol allows exemptions for "critical uses," such as fumigations to address non-quarantine pests during agricultural production for which there are no other technically or economically feasible alternatives. These critical use exemptions are granted on an annual basis by the Parties to the Montreal Protocol.

Under the direction of the Office of the Secretary, the USDA Office of Pest Management Policy provides key leadership, and APHIS provides support, for U.S. growers/producers through providing data and justification for the U.S. request for critical use exemptions. At the Meeting of the Parties to the Montreal Protocol in November 2014, the U.S. delegation secured its full request for critical use exemptions for methyl bromide for calendar year 2016, including use for strawberries and dry-cured pork. USDA's National Institute of Food and Agriculture provides funding for development of methyl bromide alternatives for non-quarantine pests, such as alternative treatments to control ham mites on dry-cured pork. California strawberry growers (who account for the vast majority of critical use exemptions in the United States), will cease use of methyl bromide after 2016 and switch to other pesticides, including chloropicrin or combinations of chloropicrin and telone, as alternative treatments. Work continues to develop the use of anaerobic soil disinfection as a tool for strawberry growers. USDA will continue to work closely with the State Department and EPA on methyl bromide issues in FY 2015-2016, and work to secure exemptions for use in 2017.

## Invasive Species -- Brown Marmorated Stink Bug

Mr. Aderholt: Please provide the Subcommittee with an updated status on what APHIS and its federal and non-federal partners are doing to control the spread of the brown marmorated stink bug.

Response: APHIS continues to partner with USDA's Agricultural Research Service (ARS) and other cooperators to identify ways to control the spread of the brown marmorated stink bug (BMSB), including evaluation of potential biological control agents for environmental release. ARS has identified several species of parasitic wasps that are important natural enemies of BMSB in Asia. With State and

university partners and support from APHIS, ARS is conducting studies to ensure that the wasps would not become pests in their own right or have unintended consequences. Because some stink bugs are beneficial predators of other pests, studies are underway to determine whether or not these non-target stink bugs would be significantly impacted by the wasps. ARS also has identified pheromones that can be used to bait traps to detect BMSB in the field. This development will assist in monitoring BMSB populations across the United States and gather baseline data to document the impact of biological control agents, when they are available for widespread use. APHIS will provide assistance in implementing a biological control program when it is developed.

#### APHIS Vehicle Inventory

Mr. Aderholt: Please describe and quantify any actions or measures by APHIS over the past two years to reduce the cost of its vehicle inventory.

Response: Beginning in FY 2013, APHIS implemented a Vehicle Allocation Methodology to facilitate closer management of the fleet, including the identification of under-utilized vehicles, allowing the Agency to reduce the size and cost of its fleet while still meeting the needs of its programs. As a result, APHIS is projecting a two percent reduction to the fleet between FY 2013 and FY 2015. Fleet reductions are due to close vehicle management at a senior level, and we are now approaching our optimal fleet size.

In FY 2014, APHIS received funding increases that included additional staff years and vehicle needs: \$20 million for the new feral swine initiative, which included a need for 53 additional vehicles, as well as \$3 million for the implementation of the retail pet store rule, which included the need for nine additional vehicles. Due to improved processes for identifying vehicles that can be re-purposed within the Agency, APHIS was able to meet this increased need and still reduce our overall fleet below the FY 2013 level.

In addition to changes made in the physical vehicle inventory, APHIS introduced a new fleet card system in FY 2014. The new fleet card allows for better tracking of the annual operating costs associated with maintaining our fleet, such as gasoline and maintenance and repair of each vehicle. Because FY 2014 was the implementation year, FY 2015 will be the first reporting year to use exclusively information from the fleet card system.

In FY 2015, APHIS began utilizing the FedFMS Vehicle Management Information System and plans on having it fully implemented by the end of the fiscal year. This will allow APHIS to provide better estimates for future needs and to track expenditures within the same system.

## Eradication of the Boll Weevil and Pink Bollworm

Mr. Aderholt: Please provide the Subcommittee with the latest assessment of boll weevil eradication efforts, including a timeline and estimate of resources required to eradicate the pest?

Response: The Cotton Pests program continues to work with State partners, the cotton industry, and Mexico to eradicate boll weevil (BW) from all cotton-producing areas of the United States and northern Mexico. APHIS and cooperators have successfully completed BW eradication from 99.9 percent of the 16 million acres of U.S. cotton. The last remaining affected area in the United States, a portion of the Lower Rio Grande Valley (LRGV), is vulnerable to continued reinfestation because of its proximity to infested areas in Mexico.

Security concerns at the Mexican border have prevented cooperators from timely inspections of traps and treatment of infested fields in Tamaulipas. As a result, ongoing treatments and activities will be necessary in the LRGV to eradicate the BW. The overarching program goal is to eradicate BW from all cotton-producing areas of the U.S. and adjacent areas of northern Mexico; APHIS is unable to predict a specific year when we can complete BW eradication efforts in the United States given the security issues that exist at the Mexican border.

To address this issue, APHIS and the U.S. cotton industry partnered with the Government of Mexico and industry leaders from Mexico to establish a bi-national coordination committee consisting of program managers, APHIS, SAGARPA, and industry representatives from Texas and Tamaulipas. The committee is responsible for coordinating the consistent implementation of the program in the LRGV and Tamaulipas. The committee meets biweekly to review operational activities, progress, and make the operational adjustments to ensure maximum program effectiveness in LRGV and Tamaulipas.

APHIS and its State and industry cooperators have eradicated BW from more than 99.9 percent of U.S. cotton acreage, dramatically reducing growers' production and control costs. The Agency also has helped to protect the environment as eliminating BW has resulted in reducing by one third the volume of pesticide used in all U.S. agriculture. APHIS' cotton pests program directly protects 6.7 million acres of cotton production worth \$1.7 billion in Texas and indirectly protects 10.2 million acres worth \$6.8 billion nationwide. Cooperative efforts with State partners, the cotton industry, and Mexico ensure that American producers continue to account for nearly 30 percent of the global trade in raw cotton and for \$25 billion in products and services annually, along with more than 400,000 jobs, from farm to textile mills (according to USDA's Economic Research Service). While there was increased cotton acreage planted in LRGV in 2014, detections of BW decreased by 55 percent to date. APHIS and its State, industry, and international partners continue these intensive activities to target the last remaining BW zone in 2015.

Mr. Aderholt: Please provide a table showing boll weevil funding, to include fiscal year 2013 and 2014 actuals and estimates for 2015 and 2016.

Response: The information is submitted for the record.

[The information follows:]

Boll Weevil Eradication Program Obligations  
(Dollars in Thousands)

FY 2013	\$9,202
FY 2014	8,969
FY 2015 (est.)	7,632
FY 2016 (est.)	7,632

Mr. Aderholt: Please indicate which states have received boll weevil funding since 2009 and the amounts received by each.

Response: The information is submitted for the record.

[The information follows:]

Boll Weevil Funding by State  
(Dollars in Thousands)

State	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 (est.)
Arizona	\$84	\$84	\$84	\$117	\$313	\$591	\$591
Arkansas	0	0	31	43	202	0	0
California*	762	757	352	491	55	0	0
Kansas	0	0	34	47	17	0	0
New Mexico	108	107	96	134	0	0	0
Texas	15,612	11,842	9,902	10,487	8,615	8,378	7,041
Total	\$16,566	\$12,790	\$10,499	\$11,319	\$9,202	\$8,969	\$7,632

\*Includes funds spent in northern Mexico to protect California cotton-producing areas.

Mr. Aderholt: What activity has there been in the boll weevil loan program over the past three years?

Response: There have been no new loans issued over the past three years, and the only remaining loans are with Texas and Arkansas. Texas has a \$6.35 million balance remaining on their loan with the Commodity Credit Corporation; Arkansas has a \$2 million balance remaining on their loan with the Farm Service Agency.

Mr. Aderholt: Please provide the Subcommittee with the latest assessment of pink bollworm eradication efforts, including a timeline and estimate of resources required to eradicate the pest?

Response: In partnership with the cotton growers and States, APHIS has successfully completed eradication of the pink bollworm (PBW) from California, New Mexico, large areas of Arizona, and the El Paso/Trans Pecos area of Texas, representing 99.9 percent of infested cotton acreage. APHIS provided sterile moths and assisted with payment for aerial releases during the active eradication phase of the program. The four State program areas are now in the Confirmation of Eradication phase, and while sterile moths are not needed at this time, APHIS continues to maintain the PBW moth colony at the Phoenix, Arizona, rearing facility. The adjacent Mexican border program areas also are in the Confirmation of Eradication phase with the last known native moth capture occurring in 2012.

In compliance with the Confirmation of Eradication phase strategy, the PBW eradication program will continue to survey for the presence of PBW, and respond accordingly if native moths are detected. This phase will last for four years. If no native moths are found through 2016, APHIS will begin the process to declare eradication. During this time, APHIS will need to maintain the ability to ramp up sterile moth production in a short time period to respond to native moth detections. The program will require approximately \$3 million per year to maintain the PBW Rearing Facility and its ability to respond rapidly should PBW detections occur in the future.

After PBW is eradicated from an area, cotton growers rely far less on insecticides, thus reducing their production costs. Over the course of the eradication effort, the program has increased growers' global competitiveness on the world export market. The program protects \$66 worth of cotton production per appropriated dollar spent.

Mr. Aderholt: Please provide a table showing pink bollworm funding, to include fiscal year 2013 and 2014 actuals and estimates for 2015 and 2016.

Response: The information is submitted for the record.

[The information follows:]

Pink Bollworm Eradication Program Obligations  
(Dollars in Thousands)

Fiscal Year	Obligations
FY 2013	\$4,760
FY 2014	3,751
FY 2015 (est.)	3,888
FY 2016 (est.)	558

Animal Disease Traceability

Mr. Aderholt: Please provide the latest operating status of the Animal Disease Traceability network?

Response: We are continuing to make progress toward developing an Animal Disease Traceability (ADT) system that is effective, flexible, and increases the timeliness of retrieving traceability data. This system allows APHIS and its partners to quickly identify diseased animals and trace their movements to control the spread of disease. In FY 2015, 98 percent of States receiving cooperative funding had approved ADT strategic plans in place. These plans are accessible from APHIS' traceability website. Should a foreign animal disease event occur, the ADT system will be instrumental in our disease control efforts, making it easier to limit the effect on our ability to export U.S. livestock.

APHIS continues to refine components of the system. Producers may obtain basic official identification eartags at no charge through their State animal health official or, if preferred, they can purchase other official tags to use on their animals. Health certificates that have been used for many years are utilized as movement documents; we were able to expand the use of existing practices versus implementing new or additional paper work. Efforts to transition these certificates to electronic media are a priority so the retrieval of the information is timely in the event of a disease event.

APHIS is also implementing enforcement actions to encourage high compliance levels. Official identification provides basic information critical to traceability. Achieving high levels of compliance with the identification required goes hand-in-hand with complete traceability records. Informing producers of the interstate movement requirements remains a priority, but repeat offenders are now subject to penalties.

In addition, we are working with industry groups like the U.S. Animal Health Association to develop a public, web-based portal to display the interstate movement requirements for specific shipments of livestock from one state to another. Further, our National Veterinary Accreditation Program offers an educational module to the 66,000 licensed, accredited veterinarians in the program, significantly expanding public outreach. States, in collaboration with APHIS, administer test exercises to assess the effectiveness of the program's implementation. All of these actions will help ensure a strong ADT system that will help us respond to detections of animal diseases when they occur.

Mr. Aderholt: Please provide a full funding history for the animal disease traceability network or the previous equivalent of the animal disease traceability system (National Animal Identification System) since 2004.

Response: The table below represents the APHIS funding history since 2004 and projected to FY 2016 for animal disease traceability.

[The information follows:]

FEDERAL ANIMAL DISEASE TRACEABILITY FUNDING  
(Dollars in Millions)

Fiscal Year	Total
2004*	\$18.7
2005	32.9
2006	33.0
2007	33.1
2008	9.7
2009	14.5
2010	5.3
2011	5.3
2012	8.3
2013	13.0
2014	13.0
2015 (est)	14.3
2016 (est)	14.3
Total	\$215.4

\*The 2004 funding amount represents CCC funds received to initiate the development of the infrastructure for an animal identification system.

Mr. Aderholt: How much did APHIS spend in fiscal year 2014 on the traceability network from all sources and how much does it plan to spend in fiscal year 2015 and fiscal year 2016?

Response: APHIS spent approximately \$14.4 million on Animal Disease Traceability in FY 2014, and plans to spend approximately \$14.3 million in FY 2015 and in FY 2016.

Mr. Aderholt: How much did States spend on this system in fiscal years 2013 and 2014?

Response: State contributions vary depending on how each State develops and implements their animal disease traceability (ADT) activities to comply with Federal regulations and accompanying standards. States spent approximately \$9.9 million in FY 2013 and \$8.3 million in FY 2014 on the ADT system.

Mr. Aderholt: Provide for the record a list of all states or organizations that have received funding for this effort.

Response: FY 2015 funding for ADT cooperative agreements has not yet been determined. The information for FY 2004 through 2014 is submitted for the record.

[The information follows:]

STATES AND ORGANIZATIONS RECEIVING  
NATIONAL ANIMAL IDENTIFICATION SYSTEM FUNDING

Awardee	Award FY 2004 CCC Amount	Award FY 2005 Appropriated Amount	Award FY 2006 Appropriated Amount	Award FY 2007 Appropriated Amount	Award FY 2008 Appropriated Amount	Award FY 2009 Appropriated Amount
Alabama Department of Agriculture	\$115,000	\$245,000	0	\$276,000	\$165,630	\$52,536
Alaska Department of Natural Resources	0	34,710	0	60,660	42,400	34,800
Arizona Department of Agriculture	0	169,000	\$84,351	160,200	111,650	141,771
Arkansas Livestock and Poultry Commission	115,000	281,000	203,000	249,300	174,500	167,975
California Department of Agriculture	670,072	625,000	696,909	698,080	361,900	296,900
Colorado Department of Agriculture	1,214,579	255,904	486,293	758,463	263,200	215,800
Connecticut Department of Agriculture	0	0	0	20,000	39,785	60,800
Florida Department of Agriculture and Consumer Services	531,840	273,000	98,720	184,510	176,645	167,446
Georgia Department of Agriculture	77,480	42,173	198,899	197,891	134,620	102,311
Hawaii Board of Agriculture	0	98,316	0	61,121	55,600	46,600
Idaho State Department of Agriculture	1,164,000	230,783	60,348	267,826	194,600	159,572
IDairy	975,000	0	0	0	0	0
Illinois Department of Agriculture	130,000	245,000	141,000	180,000	134,620	103,200
Indiana State Board of Animal Health	106,493	150,457	80,331	503,090	133,872	111,208
Iowa Department of Agriculture	130,000	410,878	0	525,150	481,800	272,085

Awardee	Award FY 2004 CCC Amount	Award FY 2005 Appropriated Amount	Award FY 2006 Appropriated Amount	Award FY 2007 Appropriated Amount	Award FY 2008 Appropriated Amount	Award FY 2009 Appropriated Amount
Kansas Animal Health Department	1,246,430	685,000	0	3,564,900	210,000	196,680
Kentucky Department of Agriculture	269,093	326,276	0	375,000	280,459	213,150
Louisiana Department of Agriculture and Forestry	12,247	0	0	82,704	78,310	64,200
Maine Department of Agriculture, Food, and Rural Services	78,343	94,000	21,500	80,000	41,250	0
Maryland Department of Agriculture	105,000	85,952	0	81,000	53,915	56,181
Massachusetts Department of Agricultural Resources	0	95,348	0	80,000	59,831	14,359
Michigan Department of Agriculture	120,000	206,952	0	179,000	183,872	100,404
Minnesota Board of Animal Health	434,578	339,140	202,957	278,914	193,814	147,298
Mississippi Board of Animal Health	153,327	170,129	43,294	171,882	133,872	115,618
Missouri Department of Agriculture	484,874	496,973	72,931	0	150,956	275,389
Montana Department of Livestock	431,928	349,000	0	251,100	176,000	144,600
Nebraska Department of Agriculture	125,401	672,000	448,000	672,000	470,400	385,700
Nevada State Department of Agriculture	97,939	128,241	80,000	76,903	57,400	47,100
New Hampshire Department of Agriculture, Markets, and Food	0	17,547	0	35,000	0	0

Awardee	Award FY 2004 CCC Amount	Award FY 2005 Appropriated Amount	Award FY 2006 Appropriated Amount	Award FY 2007 Appropriated Amount	Award FY 2008 Appropriated Amount	Award FY 2009 Appropriated Amount
New Jersey Department of Agriculture	100,000	92,000	72,108	80,000	59,831	45,471
New Mexico Livestock Board	0	244,000	203,000	1,206,324	246,350	202,000
New York Department of Agriculture	93,000	204,152	178,791	275,980	183,400	156,433
North Carolina Department of Agriculture and Consumer Services	111,630	196,989	0	179,000	133,872	95,711
North Dakota Department of Agriculture	515,000	176,225	0	160,856	193,900	167,200
Ohio Department of Agriculture	117,135	192,560	112,786	275,283	206,418	171,470
Oklahoma Department of Agriculture, Food, and Forestry	675,000	629,000	166,860	517,500	362,200	297,006
Oregon Department of Agriculture	0	169,322	0	75,815	192,194	158,886
Pennsylvania Department of Agriculture	614,146	257,000	142,238	404,865	139,087	105,691
Puerto Rico and the U.S. Virgin Islands	0	58,593	7,380	39,811	19,903	15,415
South Carolina Clemson University	186,728	139,000	141,000	177,000	132,377	100,550
South Dakota Animal Industry Board	505,240	334,277	0	426,000	298,200	252,900
Tennessee Department of Agriculture	130,000	264,611	82,678	394,073	209,000	156,817
Texas Animal Health Commission	1,000,000	1,038,975	201,065	1,175,616	756,000	619,900
Tribal Nations	500,000	716,870	698,288	322,400	375,540	130,000

Awardee	Award FY 2004 CCC Amount	Award FY 2005 Appropriated Amount	Award FY 2006 Appropriated Amount	Award FY 2007 Appropriated Amount	Award FY 2008 Appropriated Amount	Award FY 2009 Appropriated Amount
Utah Department of Agriculture and Food	149,586	194,000	0	179,000	125,300	102,700
Vermont Agency of Agriculture, Food, and Markets	84,059	104,125	0	0	0	29,220
Virginia Department of Agriculture	297,807	237,831	0	353,293	207,126	181,247
Virgin Islands Department of Agriculture	0	0	0	0	40,000	40,000
Washington State Department of Agriculture	104,313	206,000	60,854	179,000	240,800	197,400
West Virginia Department of Agriculture	95,090	108,861	58,942	155,488	132,377	109,953
Wisconsin Department of Agriculture	500,000	243,605	0	1,621,000	265,468	122,192
Wyoming Livestock Board	361,929	302,000	141,000	248,000	173,600	142,400
<b>Totals</b>	<b>\$14,929,287</b>	<b>\$12,837,775</b>	<b>\$5,185,523</b>	<b>\$18,516,998</b>	<b>\$9,253,844</b>	<b>\$7,294,245</b>

STATES AND ORGANIZATIONS RECEIVING  
ANIMAL DISEASE TRACEABILITY FUNDING

Awardee	Award FY 2010 Appropriated Amount	Award FY 2011 Appropriated Amount	Award FY 2012 Appropriated Amount	Award FY 2013 Appropriated Amount	Award FY 2014 Appropriated Amount
Alabama Department of Agriculture	\$44,125	\$26,832	\$41,954	\$48,817	\$119,431
Alaska Department of Natural Resources	26,000	15,500	40,000	30,000	30,000
Arizona Department of Agriculture	105,000	60,000	130,000	78,282	80,000
Arkansas Livestock and Poultry Commission	225,000	135,000	290,000	280,000	280,000
California Department of Agriculture	217,000	96,089	212,000	230,000	230,000
Colorado Department of Agriculture	160,000	85,000	180,000	179,000	179,000
Connecticut Department of Agriculture*	53,080	32,270	46,217	70,014	70,067
Delaware Department of Agriculture	0	0	15,000	18,000	12,000
Florida Department of Agriculture and Consumer Services	142,755	86,810	142,790	171,348	171,348
Georgia Department of Agriculture	76,733	48,637	105,322	138,000	138,000
Hawaii Board of Agriculture	35,000	15,000	30,150	26,667	27,000
Idaho State Department of Agriculture	118,000	40,000	80,000	66,667	80,000
Illinois Department of Agriculture	77,250	0	60,000	21,760	21,760

Awardee	Award FY 2010 Appropriated Amount	Award FY 2011 Appropriated Amount	Award FY 2012 Appropriated Amount	Award FY 2013 Appropriated Amount	Award FY 2014 Appropriated Amount
Indiana State Board of Animal Health	93,500	60,796	99,982	150,000	150,000
Iowa Department of Agriculture	200,000	122,000	260,738	260,000	260,000
Kansas Animal Health Department	146,000	67,000	140,000	140,000	275,000
Kentucky Department of Agriculture	179,724	109,433	180,000	200,000	280,000
Louisiana Department of Agriculture and Forestry	48,000	23,000	35,874	0	47,354
Maine Department of Agriculture, Food, and Rural Services	25,853	15,531	25,468	15,086	29,921
Maryland Department of Agriculture	42,228	19,595	43,000	51,600	51,600
Massachusetts Department of Agricultural Resources	10,912	0	0	0	0
Michigan Department of Agriculture	84,659	54,716	90,000	108,000	108,000
Minnesota Board of Animal Health	111,946	69,407	124,200	149,040	149,040
Mississippi Board of Animal Health	93,726	60,796	92,120	110,450	109,937
Missouri Department of Agriculture	201,000	110,000	200,000	200,000	200,000
Montana Department of Livestock	106,000	66,000	150,000	149,000	149,000
Nebraska Department of Agriculture	280,000	165,000	360,000	350,000	350,000

Awardee	Award FY 2010 Appropriated Amount	Award FY 2011 Appropriated Amount	Award FY 2012 Appropriated Amount	Award FY 2013 Appropriated Amount	Award FY 2014 Appropriated Amount
Nevada State Department of Agriculture	35,000	22,000	50,000	50,000	0
New Jersey Department of Agriculture	34,557	22,799	37,500	45,000	45,000
New Mexico Livestock Board	150,000	65,000	130,000	0	130,000
New York Department of Agriculture	118,000	73,160	120,000	144,001	144,000
North Carolina Department of Agriculture and Consumer Services	71,784	0	75,000	90,000	90,000
North Dakota Department of Agriculture	124,000	37,000	84,000	90,000	90,000
Ohio Department of Agriculture	138,454	49,649	79,000	94,800	94,800
Oklahoma Department of Agriculture, Food, and Forestry	215,000	125,000	270,000	270,000	270,000
Oregon Department of Agriculture	118,000	70,000	150,000	150,000	171,000
Pennsylvania Department of Agriculture	67,014	33,540	100,000	122,435	120,000
Puerto Rico and the U.S. Virgin Islands	12,997	9,372	12,331	18,492	18,497

Awardee	Award FY 2010 Appropriated Amount	Award FY 2011 Appropriated Amount	Award FY 2012 Appropriated Amount	Award FY 2013 Appropriated Amount	Award FY 2014 Appropriated Amount
Rhode Island Department of Environmental Management Division of Agriculture	25,000	15,126	25,000	30,000	186,867
South Carolina Clemson University	76,418	48,637	80,000	96,000	96,000
South Dakota Animal Industry Board	189,000	0	95,000	95,000	95,000
Tennessee Department of Agriculture	119,177	72,946	119,985	143,966	143,963
Texas Animal Health Commission	450,000	255,000	500,000	500,000	500,000
Tribal Nations	187,300	41,000	30,000	44,600	39,000
Utah Department of Agriculture and Food	77,000	46,000	105,000	105,000	105,000
Vermont Agency of Agriculture, Food, and Markets	35,013	0	34,990	79,707	79,707
Virginia Department of Agriculture	152,824	94,233	155,000	188,435	207,600
Virgin Islands Department of Agriculture	33,145	19,736	30,099	31,035	31,031
Washington State Department of Agriculture	146,000	85,500	180,100	179,000	179,000
West Virginia Department of Agriculture	89,616	57,730	71,138	119,992	151,882
Wisconsin Department of Agriculture	103,030	62,638	103,030	145,200	145,200

Awardee	Award FY 2010 Appropriated Amount	Award FY 2011 Appropriated Amount	Award FY 2012 Appropriated Amount	Award FY 2013 Appropriated Amount	Award FY 2014 Appropriated Amount
Wyoming Livestock Board	50,000	0	0	0	0
Totals	\$5,721,825	\$2,890,478	\$5,811,988	\$6,074,394	\$6,732,005

Mr. Aderholt: Please describe in detail how the animal disease traceability system works and benefits of the system. Explain how APHIS ensures quality data.

Response: Unless specifically exempted, livestock moving interstate must be officially identified and accompanied by documentation, such as owner-shipper statements or brand certificates. The new system allows the use of brands, tattoos, and accompanying registration as official identification when accepted by the shipping and receiving States or Tribes; clarifies that all livestock moved interstate to a custom slaughter facility are exempt from regulation; and exempts chicks moved interstate from a hatchery from the official identification requirements.

Additionally, beef cattle under 18 months of age are exempt from the official identification requirement unless they are moved interstate for shows, exhibitions, rodeos, or recreational events. Beef cattle under 18 months of age are considered lower risk, as they do not frequently move or change ownership. APHIS will address traceability requirements for this group of cattle in a separate rulemaking. No timelines have been established yet for this rulemaking as the immediate priority is to successfully implement the initial phase of the traceability program.

Previously, the largest traceability gaps in our regulations occurred with cattle, and, consequently, the traceability requirements have more impact on cattle than on other species. For species other than cattle, the rule largely maintains and builds on the identification requirements of existing disease program regulations.

The rule provides standards for official identification and documentation for livestock moving interstate, but does not prescribe identification or movement requirements for any State or Tribal jurisdiction. APHIS ensures quality data by working closely with States and Tribes to collect baseline tracing data. The baseline tracing capability is measured by evaluating activities that animal health officials would typically conduct during an investigation of livestock that have moved interstate. APHIS will use the information determined during the baseline tracing activities to establish performance standards. In doing so, APHIS will ensure the necessary data is available to objectively define and establish those performance standards. Comparing the results obtained earlier in the implementation of the rule with those over time will help document the progress being made.

#### Foot-and-Mouth Disease

Mr. Aderholt: APHIS works with Central and South American countries to meet the Pan American Health Organization goal for foot-and-mouth eradication. What is the status of these initiatives as well as their costs?

Response: APHIS continues to support, and co-sponsor with international partners, the participation of Latin American colleagues in annual U.S.-based transboundary animal disease and epidemiology courses to help address foot-and-mouth disease (FMD) and other

devastating animal diseases in their countries. The Agency did not provide direct cooperative agreement funding for FMD surveillance and control and transboundary animal diseases in the western hemisphere in FY 2014. However, the Agency continues to maintain personnel to provide technical assistance and advice to partners on the highest risk diseases. APHIS also plans to provide up to \$400,000 to the Regional International Organization for Plant Protection and Animal Health (OIRSA) in FY 2015 to help implement a vesicular disease surveillance program in Central America. OIRSA will use funds provided for this agreement to complete field investigations and collect and submit samples to the Vesicular Disease Diagnostic Laboratory in Panama.

#### Central America

FMD is not present in Central America, but continued surveillance is important given its proximity to South America, where the disease still exists. APHIS has participated in public outreach activities on the prevention of and surveillance for FMD and other exotic animal diseases in several Central American countries.

#### South America

South America has had great advances in FMD eradication. Most South American countries still have an FMD vaccination program because of the presence of the virus, and because of potential illegal movement of cattle. APHIS continues to collaborate with the Pan American Center for Foot and Mouth Disease (PANAFTOSA), which is part of the Pan American Health Organization. APHIS scientists interact frequently with their PANAFTOSA counterparts and participate actively in annual meetings of the South American Commission for the Fight Against Foot and Mouth Disease.

Although APHIS no longer provides direct funding to foreign countries for FMD surveillance and monitoring, the Agency employs a veterinarian in Bolivia, a key country in the effort to help with education and collaboration with the local animal health authorities and local veterinary services to eradicate FMD from South America. While the APHIS veterinarian collaborates in the final stages of FMD eradication, the employee does not work solely on FMD activities. Maintaining this position will cost approximately \$240,000 in FY 2015 in both direct and indirect costs, including salary and benefits, travel, and the State Department's International Cooperative Administrative Support Services and Capital Security Cost Sharing program. While APHIS has eliminated direct cooperative agreement funding to address FMD in the Americas, it leverages its resources through its involvement with regional and international animal health organizations to provide influence and receive current information on the status of FMD in South America.

#### Asian Longhorned Beetle

Mr. Aderholt: Please update the Subcommittee on the status of Asian longhorned beetle infestation, including a status each State's eradication program. What is the overall status of efforts to combat the Asian longhorned Beetle?

Response: Asian longhorned beetle (ALB) is a serious, invasive tree pest that threatens forest resources nationwide, as roughly 30 percent of U.S. trees are potential hosts. APHIS currently is conducting ALB eradication activities in New York, Massachusetts, and Ohio. These activities support an area-wide integrated pest eradication strategy APHIS began in 1996 to eliminate the ALB from the United States and prevent future introductions.

The ALB eradication strategy includes surveys, regulatory inspections and quarantine restrictions, removal of infested and high-risk trees, and chemical treatment applications. APHIS conducts several cycles of surveys to determine the scope of infestation, establish a quarantine area, identify trees to remove or treat, determine if ALB has spread outside of the established quarantine area, and determine when to release an area from quarantine. To declare eradication, a final round of negative survey is required with control activities and the completion of secondary surveys. Four years is the minimum amount of time between that last detection of ALB in a given area and the completed final survey cycle.

Since APHIS began the ALB eradication program in 1996, the Agency has successfully eradicated infestations from Jersey City, Middlesex County, and Union County, New Jersey; Islip, Staten Island and Manhattan, New York; and Boston, Massachusetts. In addition to these northeast States, APHIS has also successfully eradicated ALB from an infestation in Chicago, Illinois. Below is information on current program activities in the northeast forests of New York and Massachusetts.

#### New York

The first detection of ALB in the United States was in Brooklyn, New York in 1996. Since that time, APHIS and State partners have surveyed more than 1 million trees in the State and have removed more than 19,000 infested and/or high-risk host trees. Finding and removing infested trees decreases the risk of ALB spread and helps preserve forest-based and forest-related jobs that total approximately 67,000 in the New York economy.

The ALB-quarantined area of New York includes 137 square miles in the New York City boroughs of Brooklyn and Queens, as well as a portion of Long Island. ALB was discovered in Brooklyn in 1996 and Queens in 1997. The program has been successful in these areas as 2014 marked the fourth year the program found no infested trees in Brooklyn and Queens. APHIS anticipates completing final surveys in parts of Eastern Queens in FY 2015, and U.S. Forest Service (USFS) replanting efforts will also begin in FY 2015. APHIS is currently on track to deregulate or declare eradication in all of Queens by 2018 and in Brooklyn by 2020.

In August 2013, APHIS confirmed a new ALB infestation in Babylon Township in central Long Island, New York. APHIS increased the area surveyed in Long Island, New York, by 28 square-miles to cover the 51 square-mile regulated area, surveyed approximately 160,000 trees, and removed an estimated 3,900 infested and/or high-risk trees. APHIS is continuing work on the first survey cycle and delimiting the infestation.

Massachusetts

ALB was first discovered in Worcester County, Massachusetts, in August 2008. In July 2010, six ALB-infested trees were also discovered in Boston, Massachusetts. APHIS successfully eradicated the Boston infestation and continues to address a much larger infestation in Worcester County, where the quarantined area covers 10 square miles. APHIS and its State partners have surveyed more than 5 million trees in the State and have removed more than 24,000 infested trees and more than 1,400 acres of high-risk host trees. The first survey cycle of the Worcester infestation was successfully completed in 2014, and the second cycle is underway. Infested trees are still being detected and removed in Worcester. Due to the tree density, there will need to be four more years of no ALB detection before eradication can be declared in Worcester. APHIS, in cooperation with USFS and the Massachusetts Department of Conservation and Recreation, is supporting tree-planting efforts in Worcester County. The private Worcester Tree Initiative and other State and local government groups have planted about 30,000 trees.

Ohio

APHIS and its State partners have been conducting eradication efforts of this destructive tree pest in Clermont County, Ohio, since its detection in 2011. Currently, 61 square miles are under regulation in Tate Township, Monroe Township, and Stonelick/Batavia Townships. APHIS and its State partners have surveyed more than 1.4 million trees in the State and have removed more than 15,000 infested trees. The first survey cycle in Ohio is ongoing. Completing the first survey is essential to ensure that all infested trees are found and removed and that the treatment and regulated areas are accurately defined.

Mr. Aderholt: How much has been spent to date on the Asian Longhorned Beetle by APHIS? (Please distinguish appropriated funds from CCC funds.)

Response: As of March 3, 2015, APHIS has spent approximately \$575.5 million on Asian long-horned Beetle eradication activities since the program began in FY 1997. Of this total, \$390.1 million is from appropriated funds, \$183.6 million is from emergency funds transferred from the Commodity Credit Corporation (CCC), and \$1.8 million is from CCC funding authorized in Section 10201 of the 2008 Farm Bill.

Mr. Aderholt: How much have states contributed to Asian Longhorned Beetle management and eradication to date (please specify by state)?

Response: The information is submitted for the record.

[The information follows:]

STATE CONTRIBUTIONS TO  
ASIAN LONGHORNE BEETLE MANAGEMENT AND ERADICATION  
(Dollars in Millions)

Dates	Amount	State
FY 1997 - 2015	\$90.4	New York
FY 1998 - 2007	7.7	Illinois
FY 2002 - 2012	7.4	New Jersey
FY 2009 - 2015	12.9	Massachusetts *
FY 2011 - 2015	2.4	Ohio

\*Includes contributions from Massachusetts and neighboring States

Please note: 2015 figures are based on estimates of how much cooperators will spend during the entire fiscal year.

Animal Welfare

Mr. Aderholt: Please provide details on the actions and planned actions to date regarding Animal Welfare Scientific Forums. Note the dates when the forums met formally and informally and the attendees at the meetings.

Response: On July 8-9 2014, APHIS held an Animal Welfare Scientific Forum focusing on the health and well-being of lions, tigers, and bears regulated by the Animal Welfare Act. APHIS involved stakeholders, including the Association of Zoos and Aquariums, the Humane Society of the United States, and Global Federation of Animal Sanctuaries, in selecting discussion topics and speakers. APHIS also sought additional input for specific speakers from the Zoological Association of Americas and the animal entertainment industry. APHIS brought together more than 200 stakeholders that conveyed various viewpoints throughout the forum.

The goal was for participants to learn the emerging science on caring for lions, tigers, and bears. This knowledge helps to ensure the animals' welfare, provide for the safety of the public who comes to see them and be able to apply the latest information at their own facilities in order to improve the health and welfare of the animals in their care. The topics included behavior-based husbandry, safety, disaster preparedness, hand rearing, transportation, operant conditioning, enrichment and diet/nutrition to help lions, tigers, and bears thrive in captivity. Portions of the proceedings are available on the APHIS website.

APHIS does not have a forum planned for FY 2015, and is currently vetting topics for a FY 2016 stakeholder meeting. At this time we are considering several topics related to non-human primates, nutrition, and geriatric care.

Mr. Aderholt: Has USDA established any new outreach or communication efforts relating to animal welfare?

Response: Through educational workshops, scientific seminars, and listening sessions, APHIS communicates and partners with universities, State Departments of Agriculture, industry, kennel associations, animal interest groups, and owners to convey critical and current information about animal welfare issues. For example, the Agency is proactively disseminating information related to animal welfare directly through an electronic delivery system. Now, members of the public can sign up for emails and/or texts from APHIS that are tailored to their specific interests. APHIS has been reaching out to Tribal entities to establish better two-way avenues of communication on animal welfare issues specific to Native American communities, including assisting with spay-and-neuter clinics.

APHIS continues to work collaboratively with Iowa State University to develop web-based training modules and new modules for our preclicensing program. In FY 2014, APHIS updated existing modules to include new regulatory changes and requirements, such as the retail pet store rule and the dog import rule. Beginning in FY 2016, APHIS will develop new materials describing opportunities for attending veterinarians to help improve the health and welfare of regulated animals. The use of online materials and training modules provides broad access to information and helps educate potential licensees on their responsibilities under the Animal Welfare Act (AWA).

APHIS continues to work with the University of Kansas to develop an interactive educational module aimed at appropriate procedures for safely transporting dogs as cargo on airplanes. The module, designed for use by counter and baggage personnel, should be available to the airline organizations in FY 2017.

We continue to attend available forums for sharing and discussing information related to the AWA. This includes attending the Missouri Veterinary Medical Association meeting to discuss the role of the attending veterinarian under the AWA. APHIS also continues to attend State-level breeder association meetings where the Agency can disseminate information and identify unlicensed facilities in the Amish and Mennonite dog breeding communities.

Mr. Aderholt: Please provide a table showing, by state, the number of staff years assigned to the animal welfare program and the number of animal care facilities, in each state for fiscal years 2013 and 2014 as well as estimated for fiscal years 2015 and 2016.

Response: The information is submitted for the record.

[The information follows:]

APHIS STAFF YEARS  
AND  
LICENSED ANIMAL CARE FACILITIES  
BY STATE

STATE	FY 2013		2014	
	STAFF YEARS	LICENSED FACILITIES	STAFF YEARS (est)	LICENSED FACILITIES (est)
Alabama	0.6	60	1.7	71
Alaska	0.1	46	0.8	49
Arizona	0.6	77	1.3	88
Arkansas	2.5	168	3.4	213
California	6.6	726	8.1	695
Colorado**	40.1	122	20.5	128
Connecticut	0.8	111	2.2	92
Delaware	0.2	8	0.8	13
District Of Columbia*	0.1	37	0.9	34
Florida	5.1	615	6.3	635
Georgia	0.7	476	2.7	381
Guam	0	4	0	4
Hawaii	0.2	65	0.8	57
Idaho	2.8	30	1.7	30
Illinois	1.7	478	3.9	532
Indiana	2.6	433	3.1	443
Iowa	4.5	350	4.6	393
Kansas	2.8	227	5	253
Kentucky	0.7	150	1.7	133
Louisiana	1.6	86	1.2	94
Maine	0.8	22	0.8	25
Maryland*	27.5	79	30.0	91
Massachusetts	0.9	220	1.9	189
Michigan	1.8	188	3.4	220
Minnesota	2.4	254	4.5	450
Mississippi	2.2	188	1.4	197
Missouri	25.8	814	26.1	944
Montana	0.5	21	1.5	28
Nebraska	1.2	92	4.2	93
Nevada	1.3	66	1.2	74
New Hampshire	1.1	53	0.8	59
New Jersey	1.1	138	2.3	141
New Mexico	0.6	29	1.2	43

STATE	FY 2013		2014	
	STAFF YEARS	LICENSED FACILITIES	STAFF YEARS (est)	LICENSED FACILITIES (est)
New York	1.8	464	3.2	471
North Carolina**	38.5	132	18.9	163
North Dakota	0.4	19	1.4	25
Ohio	7	454	6.7	447
Oklahoma	3.2	248	6.8	315
Oregon	1.9	106	2.4	106
Pennsylvania	4.2	361	3.6	386
Puerto Rico	0.1	11	0.4	13
Rhode Island	0.3	26	0.8	25
South Carolina	0.6	81	1.7	104
South Dakota	2.7	76	1.6	85
Tennessee	1	206	2.1	230
Texas	4.5	861	7.2	926
Utah	0.5	171	1.3	154
Vermont	0	9	0.8	11
Virginia	0.7	152	1.7	167
Washington	1.1	223	2.4	223
West Virginia	0.3	11	0.8	15
Wisconsin	2.7	202	3.4	227
Wyoming	0	7	0.8	10
Virgin Islands	0	1	0	1
Total	213.0	10,254	218	10,996

STATE	FY 2015		FY 2016	
	STAFF YEARS (est)	LICENSED FACILITIES (est)	STAFF YEARS (est)	LICENSED FACILITIES (est)
Alabama	1.7	78	1.7	78
Alaska	0.8	47	0.8	47
Arizona	1.3	83	1.3	83
Arkansas	3.4	200	3.4	200
California	8.1	705	8.1	705
Colorado**	20.5	152	20.5	152
Connecticut	2.2	96	2.2	96
Delaware	0.8	12	0.8	12
District Of Columbia*	0.9	34	0.9	34
Florida	6.3	644	6.3	644
Georgia	2.7	400	2.7	400

STATE	FY 2015		FY 2016	
	STAFF YEARS (est)	LICENSED FACILITIES (est)	STAFF YEARS (est)	LICENSED FACILITIES (est)
Guam	0.1	4	0.1	9
Hawaii	0.8	65	0.8	5
Idaho	1.7	30	1.7	30
Illinois	3.9	545	3.9	528
Indiana	3.1	461	3.1	428
Iowa	4.6	371	4.6	371
Kansas	5	250	5	233
Kentucky	1.7	133	1.7	133
Louisiana	1.2	106	1.2	106
Maine	0.8	26	0.8	26
Maryland*	29.9	95	29.9	95
Massachusetts	1.9	189	1.9	181
Michigan	3.4	235	3.4	235
Minnesota	4.5	449	4.5	449
Mississippi	1.4	40	1.4	45
Missouri	26.1	987	26.1	987
Montana	1.5	25	1.5	25
Nebraska	4.2	108	4.2	108
Nevada	1.2	58	1.2	58
New Hampshire	0.8	60	0.8	60
New Jersey	2.3	147	2.3	137
New Mexico	1.2	47	1.2	47
New York	3.2	478	3.2	478
North Carolina**	18.9	179	18.9	179
North Dakota	1.4	30	1.4	30
Ohio	6.7	480	6.7	480
Oklahoma	6.8	297	6.8	297
Oregon	2.4	109	2.4	109
Pennsylvania	3.6	407	3.6	407
Rhode Island	0.8	26	0.8	26
South Carolina	1.7	107	1.7	107
South Dakota	1.6	86	1.6	86
Tennessee	2.1	237	2.1	237
Texas	7.2	931	7.2	931
Utah	1.3	166	1.3	166
Vermont	0.8	11	0.8	11

STATE	FY 2015		FY 2016	
	STAFF YEARS (est)	LICENSED FACILITIES (est)	STAFF YEARS (est)	LICENSED FACILITIES (est)
Virginia	1.7	175	1.7	175
Washington	2.4	223	2.4	223
West Virginia	0.8	17	0.8	17
Wisconsin	3.4	237	3.4	237
Wyoming	0.8	8	0.8	8
Puerto Rico	0.4	15	0.4	15
Virgin Islands	0	1	0	1
Total	218	11,102	218	10,967

\* FY 2013 facility totals were revised and do not match previous responses for the record. APHIS is using a different data analysis tool. The figures were updated using the new tool so that data can be looked at comparatively in future years.

\*\* includes Headquarters offices

\*\*\*includes State and Regional offices

Mr. Aderholt: Provide a table showing inspection activities of the Animal Welfare Program for fiscal year 2009 through 2015 to date. Provide a definition of the column headings to better explain the data.

Response: The AWA requires people and businesses that use certain animals for research, exhibition, sold wholesale for use as pets, and transported in commerce to be licensed or registered with APHIS. A license is required for entities that breed and raise animals, purchase and/or resell animals, or show or display animals to the public. Registrations are typically required for research facilities, carriers, intermediate handlers, and certain exhibitors whose primary business is not previously mentioned. The Agency's Animal Welfare program ensures that the animals receive humane care and treatment by performing compliance inspections and providing education. Prior to providing a license or registration to a facility, APHIS determines whether a license is needed, and if so, conducts announced inspections to ascertain compliance with AWA regulations and standards. These pre-licensing inspections are required; pre-registration inspections are not required but conducted if requested by the applicant. The number of pre-licensing and pre-registration inspections conducted annually by the program is included in the "Other Inspections" table.

Once a license is issued, the program conducts unannounced inspections to help determine the facility's compliance with the AWA regulations and standards. The frequency of inspection for each facility is based on a Risk Based Inspection System (RBIS). The program uses the RBIS to support its focused inspection strategy, allowing more frequent and in-depth inspections at problem facilities and fewer at those that are consistently in compliance. The system uses several objective criteria, including past compliance history, to determine the inspection frequency at each licensed and registered facility. The "Compliance Inspections by Business Type" table shows

the total number of unannounced compliance inspections conducted during the fiscal year for each type of regulated business. Please note that the program defines a facility as a holder of the license or registration. Each facility may have only one license or registration number but may be physically divided into two or more sites.

Because the compliance inspections are unannounced, an inspector may travel to the site to conduct an inspection only to find that the licensee is not present at the facility. The inspector is then unable to conduct the inspection, causing a delay. The program classifies these as attempted inspections and is included in the "Other Inspections" table.

The information is submitted for the record.

[The information follows:]

ANIMAL WELFARE PROGRAM  
INSPECTION ACTIVITIES FOR FISCAL YEAR 2009

Compliance Inspections by Regulated Business Type			
Type of Business	Number of Facilities Inspected	Average Number of Inspections Per Facility	Total Number of Inspections
Dealers	4,529	1.20	5,438
Research Facilities	1,157	1.42	1,644
Exhibitors	2,432	1.45	3,518
In-transit Handlers	78	2.23	174
In-transit Carriers	115	5.30	609
Subtotal, Compliance Inspections	8,311	1.37	11,383
Other Inspections			
Pre-licensing and Pre-registration Inspections, License or Registration Issued			1,479
Pre-license Inspection Conducted, Issuance of License Pending			70
Attempted Inspections			1,391
Subtotal, Other Inspections			2,940
Total Inspections Conducted, FY 2009			14,323

ANIMAL WELFARE PROGRAM  
INSPECTION ACTIVITIES FOR FISCAL YEAR 2010

Compliance Inspections by Regulated Business Type			
Type of Business	Number of Facilities Inspected	Average Number of Inspections Per Facility	Total Number of Inspections
Dealers	4,235	1.12	4,730
Research Facilities	1,230	1.37	1,685
Exhibitors	2,773	1.33	3,700
In-transit Handlers	188	1.38	260
In-transit Carriers	284	2.76	783
Subtotal, Compliance Inspections	8,710	1.26	11,158
Other Inspections			
Pre-licensing and Pre-registration Inspections, License or Registration Issued			1,428
Pre-license Inspection Conducted, Issuance of License Pending			89
Attempted Inspections			1,393
Subtotal, Other Inspections			2,910
Total Inspections Conducted, FY 2010			14,068

ANIMAL WELFARE PROGRAM  
INSPECTION ACTIVITIES FOR FISCAL YEAR 2011

Compliance Inspections by Regulated Business Type			
Type of Business	Number of Facilities Inspected	Average Number of Inspections Per Facility	Total Number of Inspections
Dealers	3,415	1.33	4,543
Research Facilities	1,131	1.40	1,585
Exhibitors	2,430	1.52	3,682
In-transit Handlers	84	2.07	174
In-transit Carriers	115	6.63	763
Subtotal, Compliance Inspections	7,175	1.49	10,747
Other Inspections			
Pre-licensing and Pre-registration Inspections, License or Registration Issued			1,293
Pre-license Inspection Conducted, Issuance of License Pending			94
Attempted Inspections			1,468
Subtotal, Other Inspections			2,855
Total Inspections Conducted, FY 2011			13,602

ANIMAL WELFARE PROGRAM  
INSPECTION ACTIVITIES FOR FISCAL YEAR 2012

Compliance Inspections by Regulated Business Type			
Type of Business	Number of Facilities Inspected	Average Number of Inspections Per Facility	Total Number of Inspections
Dealers	2,902	1.18	3,437
Research Facilities	1,111	1.36	1,506
Exhibitors	2,478	1.52	3,782
In-transit Handlers	71	2.08	148
In-transit Carriers	113	5.39	609
Subtotal, Compliance Inspections	6,675	1.42	9,482
Other Inspections			
Pre-licensing and Pre-registration Inspections, License or Registration Issued			1,293
Pre-license Inspection Conducted, Issuance of License Pending			1
Attempted Inspections			1,467
Searches*			142
Subtotal, Other Inspections			2,903
Total Inspections Conducted, FY 2012			12,385

\*Starting in FY 2012, APHIS provides inspection data that includes searches performed to determine whether activity being conducted is regulated under the Animal Welfare Act (AWA).

ANIMAL WELFARE PROGRAM  
INSPECTION ACTIVITIES FOR FISCAL YEAR 2013

Compliance Inspections by Regulated Business Type			
Type of Business	Number of Facilities Inspected	Average Number of Inspections Per Facility	Total Number of Inspections
Dealers	2,634	1.36	3,596
Research Facilities	1,088	1.34	1,458
Exhibitors	2,445	1.46	3,579
In-transit Handlers	74	2	148
In-transit Carriers	121	4.64	562
Subtotal, Compliance Inspections	6,362	1.47	9,343
Other Inspections			
Pre-licensing and Pre-registration Inspections, License or Registration Issued			731
Pre-license Inspection Conducted, Issuance of License Pending			240
Attempted Inspections			1,458
Searches			146
Subtotal, Other Inspections			2,575
Total Inspections Conducted FY 2013			11,918

ANIMAL WELFARE PROGRAM  
INSPECTION ACTIVITIES FOR FISCAL YEAR 2014

Compliance Inspections by Regulated Business Type			
Type of Business	Number of Facilities Inspected	Average Number of Inspections Per Facility	Total Number of Inspections
Dealers	2,897	1.16	3,369
Research Facilities	1,014	1.38	1,403
Exhibitors	2,522	1.34	3,367
In-transit Handlers	75	1.48	111
In-transit Carriers	126	3.22	406
Subtotal, Compliance Inspections	6,634	1.30	8,656
Other Inspections			
Pre-licensing and Pre-registration Inspections, License or Registration Issued			1,102
Pre-license Inspection Conducted, Issuance of License Pending			766
Attempted Inspections			987
Searches			34
Subtotal, Other Inspections			2,889
Total Inspections Conducted FY 2014			11,545

ANIMAL WELFARE PROGRAM  
INSPECTION ACTIVITIES FOR FISCAL YEAR 2015

Compliance Inspections by Regulated Business Type			
Type of Business	Number of Facilities Inspected	Average Number of Inspections Per Facility	Total Number of Inspections (as of March 3, 2015)
Dealers	1,697	1.05	1,786
Research Facilities	340	1.06	361
Exhibitors	1,319	1.05	1,387
In-transit Handlers	68	1.01	69
In-transit Carriers	272	1.03	279
Subtotal, Compliance Inspections	3,696	1.05	3,882
Other Inspections			
Pre-licensing and Pre-registration Inspections, License or Registration Issued			468
Pre-license Inspection Conducted, Issuance of License Pending			363
Attempted Inspections			414
Searches			44
Subtotal, Other Inspections			1,289
Total Inspections Conducted as of March 3, 2015			5,171

Mr. Aderholt: Please provide a table showing the funding levels, both dollars and staff, obligated for Animal and Plant Health Regulatory Enforcement and Animal Care for fiscal years 2009 through 2014 and estimated for fiscal years 2015 and 2016.

Response: The information is submitted for the record.

[The information follows:]

ANIMAL AND PLANT HEALTH REGULATORY ENFORCEMENT  
FUNDING AND STAFF YEARS  
(Dollars in thousands)

Fiscal Year	Funding (Appropriated)	Staff Years
2009	\$13,694	132
2010	15,483	*154
2011	15,455	**142
2012	16,275	142
2013	15,021	138
2014	16,224	142
2015 (est)	16,224	142
2016 (est)	16,264	142

ANIMAL CARE  
FUNDING AND STAFF YEARS  
(Dollars in thousands)

Fiscal Year	Funding (Appropriated)	Staff Years
2009	\$21,522	204
2010	24,479	*242
2011	24,435	**219
2012	27,087	224
2013	25,000	213
2014	28,010	218
2015 (est)	28,010	218
2016 (est)	28,071	218

\* In FY 2010, the Secretary used his interchange authority to redirect \$2.5 million from the Avian Influenza program to address OIG concerns regarding problematic dog dealers.  
\*\* In FY 2011, \$2.5 million was permanently redirected from Avian Influenza to allow continuation of activities initiated with the Interchange funding from FY 2010. Also, in FY 2011, APHIS determined that staff years reported in FY 2010 were overstated and adjusted them to more accurately reflect program activities.

Mr. Aderholt: Also provide a table that shows the number of: dealer facilities; complaints registered against these facilities; inspections and re-inspections that took place; cases submitted by

Animal Care to Regulatory Enforcement for review and action; and each case resolution to include fiscal years 2009 through 2015 to date.

Response: The information is submitted for the record.

[The information follows:]

## ANIMAL WELFARE INSPECTION ACTIVITIES

Category*	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012**	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015 (as of March 3, 2015)
Total Number of Dealer Facilities	12,488	11,866	11,529	10,857	10,254	10,996	10,357
Number of Complaints Registered Against Facilities	461	503	442	520	564	710	236
Number of Inspections/ Re-inspections	14,323	14,068	13,602	12,385	11,918	11,545	5,171
Number of Cases Submitted for Enforcement	160	192	605	265	92	119	39
Number of Resolutions: Official Warnings Issued	244	344	415	381	295	170	93

Category*	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012**	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015 (as of March 3, 2015)
Number of Stipulations Settled***	49	74	38	56	81	73	18
Total Stipulated Penalties (in dollars)	\$117,609	\$233,316	\$305,873	\$407,251	\$407,865	\$300,938	\$47,775
Formal Administrative Law Judge (ALJ) Decisions Issued	66	36	32	65	37	38	1
Civil Penalties Issued by ALJ (in dollars)	\$414,050	\$239,993	\$489,562	\$462,882	\$921,732	\$576,111	\$0
Total Number of Suspensions/ Revocations	46	44	39	58	37	28	4

\* APHIS has revised enforcement responses to include Animal Welfare Act actions only. The revised figures will allow the data to be looked at comparatively with inspection data.

\*\*In FY 2012, APHIS began improving business processes to expedite processing times for enforcement actions and significantly reduce the backlog of enforcement cases. As a result, APHIS focused enforcement actions on the highest risk facilities. This approach continues in FY 2015.

\*\*\* Responses have been revised to include both monetary and non-monetary stipulations in this category.

Mr. Aderholt: How many unannounced inspections of registered in-transit carriers and in-transit intermediate handlers were conducted in fiscal year 2014 and how many do you expect to conduct in fiscal years 2015 and 2016?

Response: Carriers are operators of any airline, railroad, motor carrier, shipping line, or other enterprise that is engaged in the business of transporting animals for hire. Intermediate handlers are any persons, including a department, agency, or instrumentality of the United States or of any State or local government (other than a dealer, research facility, exhibitor, any person excluded from the definition of a dealer, research facility, or exhibitor, an operator of an auction sale, or a carrier), who are engaged in any business in which they receive custody of animals in connection with their transportation in commerce.

APHIS works collaboratively with the Department of Transportation to help ensure the humane transportation of pets. This is accomplished by requiring airlines to report any cases of loss, injury or death of cats and dogs being transported regardless of whether the cat or dog is transported as a pet by its owner or as part of a commercial shipment (e.g., shipped by breeder). Frequent analysis has determined that in-transit carriers and in-transit intermediate handlers have a lower risk of non-compliance than other classes of licensees.

The information is submitted for the record.

[The information follows:]

UNANNOUNCED INSPECTIONS  
OF IN-TRANSIT CARRIERS  
AND IN-TRANSIT INTERMEDIATE HANDLERS

	FY 2014	FY 2015 (Est.)	FY 2016 (Est.)
In-transit carriers	406	436	550
In-transit intermediate handlers	111	165	165

Mr. Aderholt: Please provide the Subcommittee with the most recent activities and plans to regulate Class B dealers. How much was spent on this activity in fiscal years 2013 and 2014 as well as planned expenditures in FY 2015 and 2016?

Response: APHIS regulates the activities of 755 Class B dealers whose business includes the purchase and/or resale of any animal such as, but not limited to, dogs, cats, nonhuman primates, guinea pigs,

hamsters, rabbits, or any other warm-blooded animals that are used or intended to be used for research, teaching, testing, experimentation, exhibition purposes, or as a pet. In FY 2014, APHIS conducted 922 inspections of Class B dealers. Of the 755 Class B dealers, three buy and sell random-source dogs and cats for research purposes.

In addition to inspection and enforcement activities, APHIS conducts outreach to the dealers, including hosting educational seminars, distributing fact sheets, and presenting at national, regional, and local industry sponsored meetings. APHIS collaborates with other Federal agencies and State health and regulatory officials to identify the needs of the dealers to support regulatory compliance.

APHIS is currently modifying its existing Animal Care Inspection System database to more specifically track licensing and inspection information and associated costs. APHIS will begin pilot testing this module in FY 2016. Until the modifications are implemented, the Agency is unable to report spending related to the regulation efforts of the Class B dealers. APHIS will continue to inspect these business facilities in future years to ensure that the animals receive humane care and treatment.

Mr. Aderholt: Please provide a description of the types of support provided to the Agricultural Research Service in their efforts to improve animal welfare in their animal research.

Response: APHIS is supporting the Agricultural Research Service (ARS) in their efforts to improve animal welfare in their research facilities. APHIS is working collaboratively with ARS to develop a comprehensive training program for all employees to address the welfare of animals used in research. Once developed, APHIS will work with ARS to evaluate the effectiveness of the training during the implementation phase and adjust the training as needed.

If requested by ARS, APHIS would conduct inspections for the ARS sites housing farm animals used in research. If the Agency were to proceed with the inspection process of the approximate 52 sites, APHIS would consult with each site to ensure they are in compliance with the Animal Welfare Act (AWA) prior to registration. Finally, we would continue inspection processes aligned with all AWA research facilities.

#### Brucellosis Activity

Mr. Aderholt: What is the most recent data on herds under quarantine in the United States for brucellosis?

Response: All 50 States, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands have been Class Free for brucellosis since July 2009.

As of March 3, 2015, brucellosis has been detected in two beef cattle herds in the Greater Yellowstone Area (GYA) State of Montana. Both herds have been released from quarantine after completing test and remove herd plans. These herds are located in the State's designated surveillance area (DSA) and were detected by the State's DSA herd plan

testing program. Three privately-owned bison herds that were detected in FY 2011 (1 Montana herd and 1 Wyoming herd) and FY 2012 (1 Idaho herd) remain under quarantine with affected herd management plans, including movement controls and additional herd testing. The bison herds are in the DSAs of the State in which they reside.

There is no indication that brucellosis has spread outside the GYA. This area remains our main focus for surveillance of brucellosis in livestock because the disease is endemic there in wild elk and bison. APHIS continues the national bovine brucellosis slaughter surveillance plan to detect brucellosis if it occurs outside of the GYA. The plan provides for collection of blood samples at eleven cattle and/or bison slaughter facilities throughout the country. These slaughter facilities receive cattle and/or bison that demographically represent the national cattle and bison herds.

Class-Free States with brucellosis in wildlife or continued detections of brucellosis-affected herds work with APHIS to develop and implement State brucellosis management plans (BMP). Each BMP defines and explains the basis for the geographic area identified in the BMP; describes the epidemiologic assessment and surveillance activities to determine if wildlife populations are affected; and describes surveillance activities and mitigation activities for domestic cattle, bison, and wildlife. The surveillance zones have expanded due to our inability to control this disease in elk and bison.

Mr. Aderholt: Provide a five-year table, including estimates for fiscal year 2015 and 2016 that shows the amount spent on brucellosis-infected bison. Also, provide a brief explanation of how these funds were used or are planned to be used.

Response: APHIS provides expertise to land and wildlife management agencies to manage brucellosis in Yellowstone National Park (YNP) and in the GYA. We are working with other Federal and State agencies to develop adaptive management and risk mitigation plans for brucellosis in the GYA. We use a quarantine process to produce brucellosis-free bison from brucellosis-exposed bison in YNP. Annual testing of the bison completing the quarantine process continues to document their brucellosis-free status. We are also conducting similar studies on bison, including an immune-contraceptive study to evaluate its effectiveness in preventing brucellosis transmission.

State officials in Idaho, Montana, and Wyoming conduct brucellosis activities through Federal cooperative agreements. This funding supports efforts such as a habitat improvement project in Idaho to encourage elk to stay on traditional ranges and off cattle-inhabited range land, elk surveillance in Montana to determine the prevalence of brucellosis, and the vaccination of elk calves on feeding grounds in Wyoming. Additionally, APHIS continues to evaluate the RB51 vaccine in anticipation of its routine use in YNP bison as part of the bison management plan. Other Agency activities related to brucellosis management include capturing bison for testing and sampling, bison hazing, and laboratory support. The information is submitted for the record.

[The information follows:]

APHIS' BRUCELLOSIS EXPENDITURES FOR THE GREATER YELLOWSTONE AREA  
(Dollars in Millions)

Fiscal Year	Amount Spent
2012	\$1.3
2013	1.1
2014	1.1
2015 (est.)	1.1
2016 (est.)	1.1

Note: APHIS only tracks expenditures in the Greater Yellowstone Area (GYA) in total and cannot provide separate amounts for addressing brucellosis-infected bison. We fund activities such as targeted and slaughter surveillance, laboratory diagnostics, epidemiological investigations of suspect positive herds, and the development of State management plans.

Tuberculosis

Mr. Aderholt: How many tuberculosis-infected herds are there in the United States and where are they located?

Response: There are three tuberculosis (TB)-affected dairy herds in the United States: one in North Dakota and two in the Texas panhandle. The herd in North Dakota was identified in FY 2014 and is undergoing a test-and-removal protocol, which requires the removal of test-positive animals from the herd while it remains under quarantine. This allows owners to maintain a viable herd, rather than depopulating the entire herd while mitigating the risk of transmission of tuberculosis. The other two herds, which are owned by the same individual, are under quarantine. Maintaining these quarantines involves the permitting of certain movements, including the movement of heifers from the raising facilities and feedlots to the home infected dairy and the movement of cull cows in slaughter channels. Animals from both Texas dairies moved to and from the same heifer-raising facility, which also sent animals to other operations.

We are working closely with Texas animal health officials to quickly identify any animals that may have come into contact with the infected Texas herds and conduct a thorough trace back investigation to determine if there is any further disease spread. We have been looking at the prevalence of TB in the two Texas herds, the risk of disease transmission, the effectiveness of management practices to prevent further spread, and costs to determine whether it is more appropriate to depopulate the herd or test-and-remove infected animals until the herd is TB-free. Currently, we are testing the dairies as well as the heifer-raising facility. USDA routinely uses a mix of two strategies in addressing tuberculosis-affected herds: test and remove, and depopulation. When determining a strategy, we consider the size of the herd, potential indemnity costs compared to funds available, State and owner preferences, genetics, and a scientific model to determine the probability of removing infection.

## National Poultry Improvement Plan

Mr. Aderholt: Please provide the Subcommittee with a five year history of spending on the National Poultry Improvement Plan, including a specific break-out of costs. As part of the history, include estimated spending in fiscal years 2015 and 2016. Also, please provide a five year history of FTEs for NPIP.

Response: The National Poultry Improvement Plan (NPIP) program spends more than 90 percent of its funding in cooperative agreements with States to conduct surveillance and diagnostic activities for the following areas of concentration: live bird marketing system, upland game, commercial surveillance outside of the live bird marketing system, and assistance to the broiler industry for avian influenza surveillance in commercial operations. The remaining 10 percent of spending is for salary, other program related expenses for the NPIP Coordination Staff, and activities related to the Secretary's NPIP Advisory Committee. The information is submitted for the record.

[The information follows:]

APHIS Spending for the  
National Poultry Improvement Plan

Fiscal Year	Amount Spent (Dollars in Millions)	Number of FTEs
2012	\$7.0	3
2013	7.0	3
2014	7.0	3
2015 (est.)	7.0	4
2016 (est.)	7.0	4

## Fruit Fly Exclusion and Detection

Mr. Aderholt: Please provide the Subcommittee with a table showing a breakout of activities, costs, and source of funding for fruit fly exclusion and detection for fiscal years 2010 through 2014 and planned expenditures for fiscal years 2015 and 2016.

Response: The information is submitted for the record.

[The information follows:]

FRUIT FLY EXCLUSION AND DETECTION ACTIVITIES AND FUNDING SUMMARY  
(Dollars in thousands)

Funding Source*	International Medfly (Moscamed)	Mexfly (includes surveillance and eradication)	Domestic Survey/ Preventive Release Program	Emergency Response	Total APHIS Costs
<b>FY 2010</b>					
Appropriated Funds	\$26,775	\$9,429	\$33,623	\$100	\$69,927
USDA Commodity Credit Corp Funds	\$243	0	0	0	\$243
Farm Bill Section 10201	0	0	0	\$9,242	\$9,242
<b>FY 2011</b>					
Appropriated Funds	\$26,313	\$8,809	\$24,041	0	\$59,163
Farm Bill Section 10201	0	0	\$2,000	\$500	\$2,500
<b>FY 2012</b>					
Appropriated Funds	\$26,800	\$8,905	\$26,091	\$2,818	\$64,614
Farm Bill Section 10201	0	0	\$2,177	\$3,917	\$6,094

<b>FY 2013</b>						
Appropriated Funds	\$22,229	\$10,151	\$23,881	\$68	\$56,329	
Farm Bill Section 10201	0	0	\$2,314	\$1,173	\$3,487	
<b>FY 2014</b>						
Appropriated Funds	\$22,200	\$11,648	\$21,497	\$830	\$56,175	
Farm Bill Section 10007	0	\$1,854	\$6,682	\$1,727	\$10,263	
<b>FY 2015 (Estimated)</b>						
Appropriated Funds	\$23,200	\$11,700	\$22,362	\$2,000**	\$59,262	
Farm Bill Section 10007	0	0	TBD	TBD	TBD	
<b>FY 2016 (Estimated)</b>						
Appropriated Funds	\$23,500	\$11,700	\$25,000	TBD**	\$60,200	
Farm Bill Section 10007	0	0	TBD	TBD	TBD	

Please note: Spending may vary from year to year based on the number and extent of exotic fruit fly outbreaks. Having no-year authority for the program provides flexibility for APHIS to adjust activities and spending based on needs of the program.

\*Spending levels for appropriated funds include prior year funds.

\*\*Funds may be reallocated during the year from domestic survey activities to respond to outbreaks as needed. The estimate for FY 2015 includes emergency response to outbreaks of Mediterranean fruit fly and Oriental fruit fly that were detected in December 2014.

## Swine Health

Mr. Aderholt: Please provide a five year history of APHIS' expenditures on swine surveillance, including planned spending in fiscal year 2015 and proposed spending in fiscal year 2016.

Response: The information is submitted for the record.

[The information follows:]

APHIS' ESTIMATED SWINE SURVEILLANCE EXPENDITURES  
(Dollars in Millions)

Fiscal Year	Amount Spent*
2012	\$11.7
2013	\$11.1
2014	\$11.1
2015 (est.)	\$12.0
2016 (est.)	\$12.6

\* Because APHIS does not track funding specifically for swine surveillance activities, the figures shown in the above table are estimates and represent approximately half of the funding provided to the Swine Health line item. With the remaining funding in this line item, APHIS conducts activities regarding emergency preparedness and response planning, disease investigation and control activities in the field, zoonotic disease prevention and response, swine health studies and special projects, and outreach and communication with stakeholders.

Mr. Aderholt: In June 2014, APHIS received \$26.2 million in emergency funding to address the porcine epidemic diarrhea virus and porcine deltacoronavirus. The FY 2015 Omnibus Appropriations also provided funding for these efforts. Please provide details about the actions USDA has taken to date to address these viruses.

Response: In response to the identification of these swine enteric coronavirus diseases (SECD), we have been working with States and the swine industry to manage infections and minimize the impact of these diseases on swine producers and the swine industry. In June 2014, we published a Federal Order that required disease reporting and the development of herd monitoring and management plans by producers and veterinarians. These actions were designed to better ensure that the Federal government, States, and industry have sufficient information to characterize and understand the scope of SECD, inform control options, and decrease the spread of the diseases. APHIS also worked with producers and veterinarians to implement enhanced biosecurity measures on farms. These actions are intended to address the SECD outbreaks in a manner that supports business continuity for commercial pork producers, maintains a safe supply of pork for consumers, and is credible to State and Federal animal health officials. Some of the emergency funds made available to APHIS in FY 2014 were transferred to the Agricultural Research Service to enhance the understanding of the virus, examine disease transmission methods to

inform biosecurity efforts, and protect swine health over the long term.

In addition, we have continued our participation in a task force with State and industry stakeholders to investigate SECDs and their origins on premises, evaluate surveillance options, identify additional cases and understand transmission risk factors, develop control and elimination strategies; and inform the public. The establishment of mandatory reporting has helped us establish more robust SECD reporting mechanisms.

Mr. Aderholt: When do you anticipate achieving progress in reducing the spread of the viruses?

Response: We have made progress in reducing the spread of the viruses. Currently, swine enteric coronavirus diseases have been detected in 28 States. While many feared that there would be a significant increase in the number of detections found over the 2014/2015 winter, this did not occur. Through vaccine use and increased biosecurity - including cleaning and disinfection activities - detection levels have remained relatively low. We have not detected infection in an additional State since February 2015. While greater analysis and data review is needed, it appears that the measures put in place have been successful in reducing further spread of these viruses.

#### Wildlife Services

Mr. Aderholt: APHIS has cooperative agreements with a number of states related to wildlife services operations control work. Provide a list of the amounts of cost-share provided by each state and the federal share spent for fiscal years 2013 and 2014. Please explain why in some states cooperators pay substantially more than the federal share and then in other states the federal portion is much greater than the state share.

Response: APHIS' policy is to cooperate with Federal, State and local agencies, and public stakeholders to conduct wildlife damage management programs. APHIS will use Wildlife Services appropriated funds to cost-share with non-Federal entities to the extent that such funding is available. Currently, APHIS uses a variable cost-share formula based on the core mission, strategic and program priorities, whether it substantially enhances the program's efficiency, whether it is appropriate for the cooperator under a particular agreement, and the cooperator's ability to pay toward the program. As a result, cost-share varies by State, cooperator, and project.

The following tables consist of amounts that APHIS and States spent on cooperative services provided by Wildlife Services. The tables do not represent the entire budget for Wildlife Services, and do not include funds provided to APHIS from other Federal agencies.

[The information follows:]

WILDLIFE SERVICES FEDERAL AND COOPERATIVE FUNDING			
FISCAL YEAR 2013			
State	Federal	Cooperative	Total
Alabama	\$426,743	\$495,930	\$922,673
Alaska	291,491	950,382	1,241,873
Arizona	811,631	409,293	1,220,924
Arkansas	363,406	295,770	659,176
California	1,713,072	4,841,875	6,554,947
Colorado	984,452	1,563,424	2,547,876
Connecticut	2,925	64,550	67,475
Delaware	4,312	3,979	8,291
District of Columbia	0	2,206	2,206
Florida	371,934	1,327,278	1,699,212
Georgia	580,674	278,592	859,266
Guam	0	279,918	279,918
Hawaii	594,593	2,719,199	3,313,792
Idaho	1,557,254	506,762	2,064,016
Illinois	277,345	2,201,516	2,478,861
Indiana	215,042	280,662	495,704
Iowa	8,812	107,890	116,702
Kansas	322,208	403,341	725,549
Kentucky	247,471	369,649	617,120
Louisiana	507,106	223,587	730,693
Maine	275,776	276,279	552,055
Maryland	325,399	326,074	651,473
Massachusetts	352,730	816,187	1,168,917
Michigan	704,076	512,478	1,216,554
Minnesota	385,350	679,039	1,064,389
Mississippi	670,163	1,088,185	1,758,348
Missouri	307,358	558,916	866,274
Montana	1,641,070	1,352,744	2,993,814
Nebraska	427,127	1,149,427	1,576,554
Nevada	1,407,192	1,137,730	2,544,922
New Hampshire	559,862	360,945	920,807
New Jersey	311,284	884,799	1,196,083
New Mexico	2,606,959	2,226,351	4,833,310
New York	805,422	1,922,127	2,727,549
North Carolina	428,266	0	428,266
North Dakota	919,794	820,173	1,739,967
Ohio	798,693	607,729	1,406,422
Oklahoma	1,005,960	2,379,500	3,385,460
Oregon	1,153,620	2,302,764	3,456,384
Pennsylvania	614,828	1,177,498	1,792,326
Puerto Rico	19,769	125,716	145,485
Rhode Island	4,425	370,130	374,555
South Carolina	248,445	1,357,818	1,606,263
South Dakota	228,623	42,142	270,765
Tennessee	960,411	1,219,980	2,180,391
Texas	3,958,215	6,077,496	10,035,711
Utah	1,319,560	2,684,919	4,004,479
Vermont	350,244	216,828	567,072
Virginia	669,306	1,344,652	2,013,958

WILDLIFE SERVICES FEDERAL AND COOPERATIVE FUNDING FISCAL YEAR 2013			
State	Federal	Cooperative	Total
Washington	507,857	2,194,445	2,702,302
West Virginia	726,750	689,296	1,416,046
Wisconsin	749,467	1,787,335	2,536,802
Wyoming	1,521,847	2,742,388	4,264,235
Totals	\$36,246,319	\$58,757,893	\$95,004,212

WILDLIFE SERVICES FEDERAL AND COOPERATIVE FUNDING FISCAL YEAR 2014			
State	Federal	Cooperative	Total
Alabama	\$1,069,608	\$665,338	\$1,734,946
Alaska	286,731	893,700	1,180,431
Arizona	858,210	338,828	1,197,038
Arkansas	634,322	160,962	795,284
California	2,256,869	3,816,947	6,073,816
Colorado	1,064,902	1,358,724	2,423,626
Connecticut	2,500	100,365	102,865
District of Columbia	0	62,468	62,468
Delaware	5,000	4,154	9,154
Florida	746,776	700,734	1,447,510
Georgia	900,587	362,032	1,262,619
Guam	150,000	179,597	329,597
Hawaii	775,098	2,748,804	3,523,902
Idaho	1,625,928	516,960	2,142,888
Illinois	542,827	2,036,878	2,579,705
Indiana	343,835	242,480	586,315
Iowa	119,909	154,509	274,418
Kansas	555,979	414,764	970,743
Kentucky	496,752	302,416	799,168
Louisiana	850,441	240,318	1,090,759
Maine	341,966	355,818	697,784
Maryland	306,348	455,499	761,847
Massachusetts	341,066	741,987	1,083,053
Michigan	964,414	488,131	1,452,545
Minnesota	390,137	590,244	980,381
Mississippi	1,192,177	1,291,090	2,483,267
Missouri	657,545	548,144	1,205,689
Montana	1,628,169	1,047,082	2,675,251
Nebraska	416,064	1,225,595	1,641,659
Nevada	1,421,353	1,315,130	2,736,483
New Hampshire	576,114	319,472	895,586
New Jersey	431,233	765,722	1,196,955
New Mexico	1,920,233	1,675,433	3,595,666
New York	921,642	2,216,778	3,138,420
North Carolina	728,431	1,587,922	2,316,353
North Dakota	1,073,010	891,735	1,964,745
Ohio	1,060,529	864,235	1,924,764
Oklahoma	1,297,631	2,084,231	3,381,862
Oregon	1,398,669	2,011,945	3,410,614
Pennsylvania	797,591	1,837,601	2,635,192

WILDLIFE SERVICES FEDERAL AND COOPERATIVE FUNDING			
FISCAL YEAR 2014			
State	Federal	Cooperative	Total
Puerto Rico	144,790	306,576	451,366
Rhode Island	2,500	251,880	254,380
South Carolina	629,520	1,377,214	2,006,734
South Dakota	233,115	36,995	270,110
Tennessee	1,291,699	1,407,461	2,699,160
Texas	4,479,991	6,967,411	11,447,402
Utah	1,349,849	2,748,846	4,098,695
Vermont	447,601	207,185	654,786
Virginia	902,638	1,541,473	2,444,111
Washington	546,962	2,820,406	3,367,368
West Virginia	972,874	820,580	1,793,454
Wisconsin	809,154	1,940,870	2,750,024
Wyoming	1,519,224	2,770,963	4,290,187
TOTALS	\$44,480,513	\$60,812,632	\$105,293,145

Mr. Aderholt: Provide the Subcommittee with a table showing the amount spent on animal damage control research, including the amount allocated to non-lethal methods development, to include fiscal years 2011 through 2014 and planned for 2015 and 2016.

Response: The information is submitted for the record.

[The information follows:]

EXPENDITURES FOR ANIMAL CONTROL RESEARCH  
(Dollars in Thousands)

Fiscal Year	Total Funding	Non-lethal (est.)	Percent Non-lethal
2011	\$16,806	\$14,621	87%
2012	16,924	14,000	83%
2013	18,183	16,183	89%
2014	18,856	16,386	87%
2015 (est.)	18,856	16,386	87%
2016 (est.)	18,908	16,431	87%

Mr. Aderholt: Provide a table that shows, by state, the amount that was spent on protection of threatened and endangered species activities for FY 2010 through 2014.

Response: The information is submitted for the record.

[The information follows:]

FUNDING SPENT ON ENDANGERED SPECIES ACTIVITIES

STATE	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Alaska	\$42,584	\$66,062	\$86,863	\$73,667	\$69,984
Alabama	4,050	1,250	0	0	0
Arizona	107,131	73,391	88,887	76,200	72,390
California	1,183,309	1,255,371	1,104,948	981,253	928,507
Colorado	4,600	50,350	52,275	2,500	2,375
Connecticut	5,000	5,001	0	200	200
Florida	869,342	869,342	869,342	937,510	890,635
Georgia	53,712	4,172	5,700	0	0
Hawaii	296,820	299,135	411,098	428,296	406,881
Idaho	123,849	363,205	65,700	40,266	38,253
Illinois	30,500	41,531	77,179	75,356	71,588
Indiana	26,200	52,200	78,200	78,200	74,290
Louisiana	30,856	24,865	23,170	23,170	22,012
Massachusetts	36,650	38,550	37,400	84,500	80,275
Maine	41,645	31,000	15,000	4,730	4,494
Michigan	138,220	146,821	52,182	94,000	89,300
Minnesota	468,000	560,000	290,000	280,000	266,000
Mississippi	200,000	0	1,650	0	0
Montana	466,756	241,193	38,696	29,328	27,862
North Carolina	5,000	3,252	21,274	28,792	27,352
North Dakota	0	14,000	0	0	0
Nebraska	70,000	76,000	83,800	90,800	86,260
New Hampshire	10,370	0	2,600	2,300	2,185
New Jersey	13,044	15,402	20,704	14,899	14,154
New Mexico	58,817	58,121	99,350	100,000	95,000
New York	2,906	6,000	4,200	3,896	2,956
Ohio	0	0	119,290	144,140	136,933
Oregon	186,121	194,801	126,378	189,825	180,334
Pennsylvania	1,050	1,050	6,050	6,050	5,748
Rhode Island	6,000	10,500	10,000	10,000	9,500
Tennessee	3,200	3,200	6,000	6,000	5,700
Texas	76,437	55,068	58,365	68,133	64,726

STATE	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Utah	39,100	39,600	76,150	82,000	77,900
Vermont	6,755	0	9,035	9,217	8,756
Virginia	108,468	96,665	113,556	88,952	84,504
Washington	1,201,475	1,400,555	1,302,403	1,508,716	1,433,280
Wisconsin	304,794	295,395	94,624	31,441	29,869
Wyoming	219,812	217,688	306,113	279,028	265,077
Guam	666,000	635,000	623,000	708,780	673,341
U.S. Virgin Islands	51,380	0	51,380	24,000	22,800
Total	\$7,159,953	\$7,245,736	\$6,432,562	\$6,606,145	\$6,271,421

Mr. Aderholt: What is the status of wolf control activities? How much did APHIS spend on this effort for fiscal year 2014 and how much is planned in fiscal years 2015 and 2016?

Response: APHIS works with the U.S. Fish and Wildlife Service (FWS) and State wildlife agencies to conduct wolf recovery plans. Gray wolf populations are comprised of three Distinct Population Segments (DPS) - Western Great Lakes (WGL), Northern Rocky Mountain (NRM), and Southwestern. The WGL and NRM populations continue to increase and have exceeded their recovery goals for several years.

In 2014, Fish and Wildlife Service estimated there are approximately 2,423 gray wolves in Minnesota, 660 in Wisconsin, and 636 in Michigan. In FY 2014, the Agency responded to 306 requests for assistance by cooperators in the WGL. APHIS addresses most of the conflicts with non-lethal methods including livestock investigations, radio-collaring and tracking wolves, and direct operational assistance with electronic guards and flashing lights. The Agency also carried out limited relocation and population reduction activities. Wolves in the WGL were relisted on December 19, 2014 under the Endangered Species Act. The recent court decision that restored Federal protection for gray wolves in the Great Lakes States does not permit the removal of endangered wolves to manage livestock predation, with the exception of Minnesota, where wolves have once again been listed as Threatened.

The NRM population segment covers Idaho, Montana, Wyoming, the eastern one-third of Washington and Oregon, and a small part of north central Utah. As of December 2014, the population estimate is 1,782. APHIS provides assistance to these States on a request basis. In FY 2014, APHIS responded to 222 requests for assistance by cooperators in the NRM. APHIS removed 47 wolves in Montana, 53 in Idaho, and 25 in Wyoming. However, on September 23, 2014, a district court order returned wolves to an endangered status under the Endangered Species Act in Wyoming. As a result, wolf damage management agreements with APHIS that were in place prior to the relisting of wolves have been revoked. This decision did not impact wolves in Idaho, Montana, and the eastern thirds of Oregon and Washington that were delisted by Congress in 2011.

In the Southwest, wolves have retained listing status, and are classified as a "Nonessential Experimental Population." APHIS personnel in Arizona and New Mexico cooperate with State and other Federal agencies, county governments, Native American tribes, livestock producers, and conservation groups involved in Mexican wolf recovery efforts. There are at least 109 Mexican wolves in Arizona and New Mexico, a 31 percent increase in 2014 alone, compared to the 83 wolves accounted for in 2013. During 2014, APHIS personnel conducted 42 livestock depredation investigations to confirm wolf predation. Finally, the Agency conducted 2 live capture removal actions.

Gray wolves also continue to exist outside these three DPSs, where their status remains listed as "Endangered" under the Federal Endangered Species Act. APHIS participates as a member of interagency wolf working groups, and collaborates with State wildlife and agriculture agencies to evaluate wolf predation and provide integrated damage management assistance as part of its public trust responsibility, where resources allow.

Many western ranchers use livestock protection dogs to deter predation. APHIS' National Wildlife Research Center is evaluating the effectiveness of European breeds of guard dog in reducing wolf predation of livestock. This includes four breeds of guard dogs in five western states (Idaho, Montana, Oregon, Washington, and Wyoming). A total of 65 dogs have been placed with 21 cooperator bands of sheep. This collaboratively-funded research will enhance APHIS' capabilities in using livestock protection dogs against wolves and grizzly bears as wolf populations increase in number and expand in distribution.

In FY 2014, APHIS spent approximately \$356,836 on wolf control efforts, with cooperator contributions of \$891,626. In fiscal years 2015 and 2016, APHIS plans to spend \$554,500 and receive cooperator contributions of approximately \$910,000.

#### Noxious Weeds

Mr. Aderholt: APHIS enforces regulations designed to prevent the entry of new noxious weed species into the United States. How many weed species evaluations did APHIS conduct for this purpose in FY 2014?

Response: As part of its responsibility in preventing the entry of new noxious weed species into the United States, APHIS evaluates weed species to determine whether they meet the criteria to be added to the Federal noxious weed list. APHIS conducted nine weed risk assessments in FY 2014 and revised seven existing weed risk assessments. States can use the weed risk assessment as an analytical tool for setting policy and informing their responses to weed species detections. If mitigation actions are needed, the weed risk assessment can aid policy makers in determining which mitigation options might reduce risk to an acceptable level. APHIS also developed four new weed datasheets documenting the scientific evidence the Agency uses in designating certain plant species or taxa not authorized for import pending the completion of a full pest risk analysis. Additionally, APHIS conducted initial screening of 270 plant species to determine whether they meet the criteria to be added to the noxious weed list

(many are still under policy review) and developed lists of weeds risks related to two market access requests (South Africa corn seed for planting and Canada hemp seed for planting).

Agricultural Quarantine Inspection (AQI) Program

Mr. Aderholt: In April 2014, USDA proposed significant changes to the user fee rates. The final rule was submitted to the Office of Management and Budget in January. When do you anticipate publishing the final rule? How do you plan to communicate with the impacted industries and stakeholders regarding the final changes and effective dates of the new rates?

Response: USDA anticipates publishing the final rule in calendar year 2015. Stakeholder engagement is an important part of rulemaking, and we went to great lengths to educate interested parties and obtain their feedback about the proposed rule. Throughout the process, APHIS held meetings with industry and affected parties. In total, APHIS conducted six formal stakeholder meetings between 2011 and 2015 along with numerous small group meetings with affected stakeholders upon request. In addition, APHIS published information on its site about the user fee review, including two reports prepared by Grant Thornton on the fee setting process and the comprehensive findings of the review. In April 2014, when APHIS published the proposed rule to adjust user fees, the Agency conducted extensive outreach to impacted and interested stakeholders. This included briefings for Congressional Committees and staff; courtesy calls and direct emails to representatives of affected industries, national associations, and potentially interested industry groups; and a conference call with interested stakeholders. In addition, APHIS sent messages through the APHIS Stakeholder Registry to announce the proposed changes and inform stakeholders of upcoming stakeholder meetings. Messages sent via the Registry in 2014 and 2015 were delivered to more than 11,000 unique subscribers. When we publish the final rule, we will notify stakeholders through messages sent out via the Registry and notices on the APHIS website.

Mr. Aderholt: Please provide a table showing the amount of AQI fees collected, the amount spent, and the carryover levels for fiscal years 2011 through 2014 and estimates for fiscal years 2015 and 2016.

Response: The information is submitted for the record.

[The information follows:]

AGRICULTURAL QUARANTINE INSPECTION (AQI)  
FEE COLLECTIONS & PROGRAM OBLIGATIONS

Fiscal Year	Fee Collections	Amount Spent*	Carryover
2011	\$534,729,510	\$509,853,972	a/ \$94,242,154
2012	548,328,730	537,039,668	a/ 106,844,075
2013	576,785,942	b/ 571,195,901	a/ 119,331,657
2014	603,369,384	b/ 569,373,698	a/ 153,327,343
2015 (est)	614,365,518	b/ 668,362,966	a/ 97,287,300
2016 (est)	c/ 748,372,664	717,910,000	127,749,964

\* Please note: This table includes APHIS spending and amounts transferred to the Department of Homeland Security's Customs and Border Protection from the AQI user fee account.

a/ Accounting adjustments related to prior year collections and deobligations increase the balance in the AQI user fee account end of year balance.

b/ FY 2013 through FY 2015 figures include sequestered funds. The FY 2016 figure does not include an estimate for sequestration.

c/ The FY 2016 collection estimate assumes that the rates proposed in the April 2014 proposed rule to restructure and update the AQI user fees are in place. One of the goals of the proposed user fee update is to ensure the AQI user fee reserve has enough funds to cover 3 to 5 months of operational costs in the event of a potential economic recession.

Mr. Aderholt: Please provide a table showing the current AQI user fees and the proposed levels in the proposed regulation of April 2014 for each major category (e.g., air passenger, railroad car, commercial truck, etc.) as well as the future proposed increases up to FY 2018.

Response: The current and proposed fee levels are shown in the table below. The proposed rule did not include rate increases for upcoming years. In the proposed rule, USDA requested public input on the frequency and methodology for updating the user fee rates. Currently, there is no established schedule for updating the fees, which has led to long gaps between updates. In the proposed rule, USDA requested that commenters provide input on whether fees should be updated more frequently (e.g., every 2 years) and whether the updates should be made through a rulemaking or some other means such as a notice-based process that provides an opportunity for public comment.

[The information follows:]

AGRICULTURAL QUARANTINE INSPECTION  
CURRENT AND PROPOSED FEES

Fee Type	Current Fees	Proposed Fees
Air passengers	\$5.00	\$4.00
Commercial Aircraft	\$70.75	\$225.00
Commercial maritime cargo vessel	\$496.00	\$825.00
Commercial truck	\$5.25	\$8.00
Commercial truck transponder	\$105.00	\$320.00
Commercial cargo rail car	\$7.75	\$2.00
Sea passenger	N/A	\$2.00
Treatments	N/A	\$375.00

Mr. Aderholt: Please provide a table showing the total number of staff years funded through the Agricultural Quarantine Inspection program, both the user fee program and the appropriated program, to include fiscal year 2010 through 2014 and estimates for fiscal years 2015 and 2016.

Response: The information is submitted for the record.

[The information follows:]

AGRICULTURAL QUARANTINE INSPECTION PROGRAM  
STAFF YEARS

Fiscal Year	Appropriated	User Fees	Total
2010	364	1,504	1,868
2011	364	1,350	1,714
2012	364	1,350	1,714
2013	360	1,121	1,481
2014	356	1,121	1,477
2015 (est)	360	1,250	1,610
2016 (est)	379	1,250	1,629

Mr. Aderholt: What was the fiscal year 2014 amount that APHIS transferred to the Department of Homeland Security for agricultural quarantine inspection from user fees? Did this occur on a reimbursable basis or was the transfer made before any work was carried out? What are the amounts expected to be transferred in FY 2015 and FY 2016, and on what schedule?

Response: In FY 2014, APHIS transferred \$362,525,867 to the Department of Homeland Security. These transfers occur on a bi-monthly basis after APHIS and the Department of Homeland Security's Bureau of Customs and Border Protection (CBP) discuss collections and agree on spending plans for the year (not on a reimbursable basis).

Under the initial allocation plan, APHIS plans to transfer a total of \$374,762,966 to CBP for activities in FY 2015, with transfers occurring in December, January, March, May, July, and August. APHIS and CBP representatives will develop spending plans and allocations for each Agency for FY 2016, based on collection estimates for the upcoming year. APHIS is preparing to publish a final rule with adjustments to AQI user fee rates, and the amount of total collections for the year will likely increase, depending on when new rates are finalized and implemented.

Mr. Aderholt: Please provide a table showing the fee schedule for each activity and changes that have occurred since instituting the user fee.

Response: The information is submitted for the record.

[The information follows:]

AGRICULTURAL QUARANTINE INSPECTION  
USER FEE HISTORY

FY	EFFECTIVE DATES	COMMERCIAL VESSELS	COMMERCIAL TRUCKS	COMMERCIAL TRUCK TRANSPORTERS	COMMERCIAL RAILROAD CARS	COMMERCIAL AIRCRAFT	INTERNAT'L AIR PASSENGER
1998 - 1999	10/1/97 THROUGH 9/30/99	\$454.50	\$4.00	\$80.00	\$6.50	\$59.75	\$2.00
2000	10/1/99 THROUGH 12/31/99	461.75	4.00	80.00	6.75	60.25	2.05
2000	1/1/00 THROUGH 9/30/00	465.50	4.25	85.00	6.75	64.00	3.00
2001	10/1/00 THROUGH 9/30/01	474.50	4.50	90.00	7.00	64.75	3.00
2002-2004	10/1/01 THROUGH 9/3/04	480.50	4.75	95.00	7.00	65.25	3.10
2005	10/1/04 THROUGH 9/30/05	486.00	5.00	100.00	7.50	70.00	4.95
2006	10/1/05 THROUGH 9/30/2006	488.00	5.25	105.00	7.50	70.25	5.00
2007	10/1/06 THROUGH 9/30/07	490.00	5.25	105.00	7.75	70.50	5.00
2008	10/1/07 THROUGH 9/30/08	492.00	5.25	105.00	7.75	70.50	5.00
2009	10/1/08 THROUGH 9/30/09	494.00	5.25	105.00	7.75	70.75	5.00
2010- PRESENT	10/1/09 TO PRESENT	496.00	5.25	105.00	7.75	70.75	5.00

Please note that APHIS is preparing to publish a final rule in 2015 regarding an update to the AQI user fee rates.

## Work with Department of Homeland Security

Mr. Aderholt: Please provide the Committee an update on the status of the Agency's work with Customs and Border Protection, including the efforts to review cargo data and entry documents. What percentage of the entries is reviewed for clearance and what percentage of entries is physically inspected? Specify percentage for those entries with permits as well as animals.

Response: The Department of Homeland Security, Customs and Border Protection (CBP) conduct reviews and inspections of cargo entering the United States. APHIS establishes import regulations and inspection policies and works with CBP's Agriculture Policies and Trade Liaison to provide guidance on inspections, identification of intercepted pests, training for CBP employees, and methods development support, among other things. Agricultural entry requirements and risk factors are built into CBP's Automated Targeting System (ATS), which reviews all cargo entries electronically and gives shipments a numerical score related to risk. If the score meets a certain threshold, the shipment will be flagged for additional review or inspection. CBP also has manifest review units that review entry data manually and monitor the output of the ATS. APHIS provides information to CBP regarding prohibited products found in the marketplace to assist in closing smuggling pathways and helping to target shipments for inspection. APHIS is working with CBP to review and refine the criteria entered into ATS related to agricultural risks.

Sixty APHIS employees have access to ATS and can request that CBP inspect certain shipments. APHIS also has been working with other government agencies and CBP to develop and provide data for CBP's new Automated Commercial Environment (ACE)/International Trade Data System initiative. ACE will eventually replace the Automated Commercial System, and it will enhance import review and tracking abilities for agricultural shipments. APHIS and CBP are in the process of developing data requirements and message sets for agricultural products for ACE.

All imports to the United States are subject to agricultural quarantine inspections regardless of whether they contain agricultural items because, among other reasons, pests and diseases may be present in the packing materials used. APHIS' basic guideline for regulated agricultural cargo is to inspect two percent of each shipment. This basic level may be increased for higher-risk products or decreased for lower-risk products that qualify for less frequent inspections. For products that carry a greater level of risk and must meet specialized requirements to enter the United States, APHIS requires permits as a condition of entry. Examples include sugarcane, certain types of lumber, and certain live animals. In FY 2014, APHIS issued approximately 8,360 import permits for plants and plant products and approximately 9,490 import permits for live animals, animal products, organisms and vectors, and select agents. Additionally, some agricultural shipments require physical inspections. For example, all shipments of plant propagative materials must be inspected and (with the exception of those imported from Canada, which are inspected at the border) these shipments are sent to APHIS' Plant Inspection Station (PIS) facilities for inspection. Approximately 23,000 plant shipments containing 1.45 billion plant units were imported and inspected through

APHIS' PIS facilities in FY 2014. While all plant propagative materials are inspected, we do not track the total volume of all incoming shipments subject to agricultural inspection and cannot specify the overall percentage inspected.

APHIS also conducts regulatory oversight for the importation of animals and animal products. In FY 2014, this included 4.9 million live pigs, 2.3 million head of live cattle, more than 23,000 horses, 16.8 million live poultry, 13.1 million hatching eggs, 145,000 commercial birds, and 6.6 million units of livestock semen and embryos. Agency personnel inspect all live animal shipments regulated by APHIS before release. With the exception of livestock from Mexico and Canada, which are inspected at the border, most live agricultural animals are imported through APHIS' Animal Import Centers or private quarantine facilities, where they are inspected and quarantined for three to 60 days, depending on their origin and species. With limited exceptions of animals from Canada, each animal must be accompanied by a veterinary health certificate, and each shipment of live animals must have an import permit. Approximately ten percent of live fish shipments regulated by APHIS (those susceptible to spring viremia of carp) receive a visual inspection, but a health certification is reviewed for all fish shipments under APHIS jurisdiction.

The table below shows the number of agriculture-related cargo inspections and clearances by CBP at ports of entry in FY 2014.

[The information follows:]

FY 2014 AGRICULTURE QUARANTINE INSPECTIONS

ACTIVITY	TOTAL
Regulated Truck Cargo, Land Border, Inspections	231,433
Regulated Cargo, Maritime, Inspections	102,452
Regulated Cargo, Airport, Inspections	168,285
Inland Regulated Cargo, Inspections	563
Exterior Container Inspections	35,408
Non-regulated cargo cleared	371,928
Regulated cargo cleared	958,797
Non-regulated cargo, Inspections	204,982

The Department of Commerce, International Trade Administration reports that total value of imports of all merchandise (both manufactured and non-manufactured goods) was \$2.345 trillion in FY 2014. The value of agricultural product imports was \$33.6 billion, accounting for approximately 1.4 percent of the total U.S. value of imports.

Mr. Aderholt: Please provide a copy of the most recent Memoranda of Understanding between USDA and DHS regarding agricultural inspection, training, and data sharing as well as corresponding agreements involving the exchange of financial resources.

Response: A copy of the most recent Memoranda of Understanding (MOU) between USDA and DHS is provided for the record.

1300 Pennsylvania Avenue NW  
Washington, DC 20229



**U.S. Customs and  
Border Protection**

NOV 5 2014

MEMORANDUM FOR: Osama El-Lissy  
Assistant Deputy Administrator  
Animal and Plant Health Inspection Service  
U.S. Department of Agriculture

FROM: Sean Mildrew   
Acting Chief Financial Officer and Executive Director  
Budget Directorate  
U.S. Customs and Border Protection

SUBJECT: FY 2015 APHIS Codicil

Attached for your review is the FY 2015 Codicil to the U.S. Department of Agriculture (USDA). The preliminary amount for FY 2015 is \$374,762,966. CBP acknowledges that the USDA will apply and retain the FY 2015 sequester at the USDA level and that the FY 2014 sequester would not be returned to CBP. We are also looking forward to discussing updates to the Codicil once the publication of the rule updating the AQI user fee is known. In addition, we request a revisit of overall collections should actual collections result in a significant increase over the anticipated collection level for FY 2015.

If you have any questions or would like additional information, please contact me at (202) 344-2210.

**Attachment**

**Codicial to Appendix 5:** Transfer of AQI User Fees from APHIS to CBP for FY 2015 (Prepared in October 2014).

The following AQI user fee transfers are mutually agreed by CBP and APHIS for October 1, 2014, through September 30, 2015, for use in FY 2015. When the date of publication of the final rule updating the AQI user fee rates is known, APHIS and CBP will discuss updates to FY 2015 allocations and make any necessary adjustments to allocations.

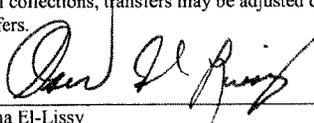
The agencies agree upon the following preliminary amounts for spending of available funding:

**CBP transfers:** \$374,762,966  
**Total USDA Collections:** \$614,365,518  
**CBP % Share:** 61%

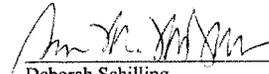
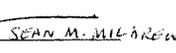
**CBP Transfers:**

- Transfer 1: \$62,460,495
- Transfer 2: \$62,460,495
- Transfer 3: \$62,460,494
- Transfer 4: \$62,460,494
- Transfer 5: \$62,460,494
- Transfer 6: \$62,460,494

Distribution schedule: Effective October 1, 2014 through September 30, 2015, bimonthly distributions of APHIS fees will be based on the distribution schedule above. Due to the lag in actual collections, transfers may be adjusted during the fiscal year or spread out into multiple transfers.

  
 \_\_\_\_\_  
 Osama El-Lissy  
 Deputy Administrator  
 Animal and Plant Health Inspection Service  
 U.S. Department of Agriculture

October 20, 2014  
 \_\_\_\_\_  
 Date

*for*    
 \_\_\_\_\_  
 Deborah Schilling  
 Deputy Assistant Commissioner  
 Office of Administration  
 U.S. Customs and Border Protection

11/5/14  
 \_\_\_\_\_  
 Date

*N.B. See additional CBP comments concerning the treatment of the request.*

Federal and Non-Federal Resources

Mr. Aderholt: Please provide a table showing a breakout of all Federal and non-Federal dollars for all APHIS programs to include fiscal years 2010 through 2015 to date.

Response: The information is submitted for the record.

[The information follows:]

FEDERAL AND NON-FEDERAL FUNDING FOR APHIS PROGRAMS  
(Dollars in Thousands)

Line-item	FY 2010		FY 2011		FY 2012**	
	Federal*	Non-Federal	Federal*	Non-Federal	Federal*	Non-Federal
Animal Health Technical Services	\$40,056	\$2,992	\$32,216	\$5,604	\$30,349	\$8,403
Aquatic Animal Health	6,011	172	5,401	30	2,261	756
Avian Health	67,998	227	53,649	4,546	53,206	15,060
Cattle Health	117,873	34,291	110,759	48,589	97,722	71,967
Equine, Cervid & Small Ruminant Health	38,793	4,174	37,078	5,482	23,552	16,707
National Veterinary Stockpile	5,177	0	4,342	0	3,026	0
Swine Health	25,723	72	25,543	459	22,897	4,983
Veterinary Biologics	16,457	0	16,416	0	16,445	42
Veterinary Diagnostics	29,985	0	32,303	0	31,582	636
Zoonotic Disease Management	10,468	0	10,447	0	8,956	8,403
<b>SUBTOTAL</b> Animal Health	358,542	41,928	328,154	64,710	289,996	126,957
Agricultural Quarantine Inspection	28,948	0	25,907	0	27,211	0
Cotton Pests	23,238	29,088	20,979	24,046	19,860	20,339
Field Crop & Rangeland Ecosystems Pests	12,854	720	11,259	512	8,896	487
Pest Detection	28,071	9,762	26,697	1,154	27,358	1,359
Plant Protection Methods Development	21,704	940	21,066	739	20,081	281
Specialty Crop Pests	171,383	57,777	153,959	52,891	166,886	50,095
Tree & Wood Pests	70,966	15,330	76,398	15,597	78,300	5,491
<b>SUBTOTAL</b> Plant Health	357,164	113,617	336,265	94,939	348,552	78,052

Line-item	FY 2010		FY 2011		FY 2012**	
	Federal*	Non-Federal	Federal*	Non-Federal	Federal*	Non-Federal
Wildlife Damage Management	79,132	40,784	75,366	59,244	70,480	54,286**
Wildlife Services Methods Development	19,110	2,324	18,782	2,559	16,924	4,630
SUBTOTAL Wildlife Services	98,242	43,108	94,148	61,803	87,404	58,916
Animal & Plant Health Regulatory Enforcement	15,445	0	15,011	0	16,189	0
Biotechnology Regulatory Services	13,285	0	13,019	0	18,134	0
SUBTOTAL Regulatory Services	28,730	0	28,030	0	34,323	0
Contingency Fund	3,206	0	0	0	1,500	0
Emergency Preparedness & Response	19,622	535	19,428	1,742	16,753	5,943
SUBTOTAL Emergency Management	22,828	535	19,428	1,742	18,253	5,943
Agriculture Import/Export	12,587	0	12,573	0	13,310	0
Overseas Technical & Trade Operations	20,156	16,076	20,002	17,806	20,104	12,607
SUBTOTAL Safe Trade & International Technical Assistance	32,744	16,076	32,575	17,806	33,414	12,607
Animal Welfare	24,445	44	23,895	0	27,016	0
Horse Protection	498	0	497	0	696	0
SUBTOTAL Animal Welfare	24,943	44	24,392	0	27,712	0

Line-item	FY 2010		FY 2011		FY 2012**	
	Federal*	Non-Federal	Federal*	Non-Federal	Federal*	Non-Federal
APHIS Information Technology Infrastructure	4,414	0	4,610	0	4,494	0
Physical/ Operational Security	5,669	0	5,540	0	5,224	0
SUBTOTAL Agency Management	10,083	0	10,150	0	9,718	0
General Provision 748	0	0	0	0	0	0
Commodity Credit Corporation	54,678	698	40,954	2,954	24,561	280
Farm Bill Section 10201 and 10202	51,152	5,352	52,378	2,588	52,115	2,053
Advances and Reimbursements	139,039	0	158,636	0	157,285	0
H1N1 from Health and Human Services	3,909	0	2,914	0	4,793	0
VHS Supplemental, Homeland Security, HUB Relo, & Department	6,852	0	885	0	111	0
Buildings & Facilities	8,589	0	8,218	0	3,633	0
Trust Funds	18,649	0	14,641	0	11,702	0
Refunds for equipment sold	0	0	0	0	0	0
Agricultural Quarantine Inspection User Fees	189,373	0	190,738	0	188,234	0
SUBTOTAL Other	472,242	6,050	469,364	5,542	442,434	2,333
TOTAL	\$1,405,516	\$221,358	\$1,342,506	\$246,542	\$1,291,846	\$284,808

Line-item	FY 2013		FY 2014		FY 2015***	
	Federal*	Non-Federal	Federal*	Non-Federal	Federal*	Non-Federal
Animal Health Technical Services	\$33,484	\$9,941	\$34,507	\$8,537	\$9,893	\$0
Aquatic Animal Health	1,988	1,133	2,185	567	486	0
Avian Health	50,207	13,518	50,252	13,225	12,742	0
Cattle Health	89,331	58,046	90,716	54,987	24,645	0
Equine, Cervid & Small Ruminant Health	18,715	18,465	20,392	14,972	6,777	0
National Veterinary Stockpile	2,596	0	3,214	0	1,593	0
Swine Health	20,318	4,993	22,046	4,756	3,599	0
Veterinary Biologics	15,179	73	16,243	0	4,870	0
Veterinary Diagnostics	29,153	637	31,540	0	5,096	0
Zoonotic Disease Management	9,414	2,510	9,462	1,804	1,539	0
SUBTOTAL Animal Health	270,385	109,316	280,557	98,848	71,240	0
Agricultural Quarantine Inspection	26,274	0	26,712	0	9,092	0
Cotton Pests	13,962	14,000	12,286	20,188	2,549	0
Field Crop & Rangeland Ecosystems Pests	8,385	0	8,694	0	1,472	0
Pest Detection	25,155	733	27,256	884	5,008	0
Plant Protection Methods Development	19,138	396	20,166	411	4,002	0
Specialty Crop Pests	143,809	0	143,984	7,100	42,359	0
Tree & Wood Pests	51,622	776	70,080	886	16,341	0
SUBTOTAL Plant Health	288,345	15,905	309,178	29,469	80,823	0
Wildlife Damage Management	68,027	58,758	86,893	60,750	26,636	0
Wildlife Services Methods Development	17,297	2,999	18,742	1,788	6,692	0

Line-item	FY 2013		FY 2014		FY 2015***	
	Federal*	Non-Federal	Federal*	Non-Federal	Federal*	Non-Federal
SUBTOTAL Wildlife Services	85,324	61,757	105,635	62,538	33,328	0
Animal & Plant Health Regulatory Enforcement	14,728	0	16,102	0	5,755	0
Biotechnology Regulatory Services	15,792	0	16,864	288	5,202	0
SUBTOTAL Regulatory Services	30,520	0	32,966	288	10,957	0
Contingency Fund	1,644	0	0	0	1,221	0
Emergency Preparedness & Response	15,637	5,129	16,813	5,374	5,233	0
SUBTOTAL Emergency Management	17,281	5,129	16,813	5,374	6,454	0
Agriculture Import/Export	12,021	7,195	13,992	3,918	3,680	0
Overseas Technical & Trade Operations	18,442	15,400	20,052	41,272	5,169	0
SUBTOTAL Safe Trade & International Technical Assistance	30,463	22,595	34,044	45,190	8,849	0
Animal Welfare	24,585	0	27,903	0	7,717	0
Horse Protection	640	0	687	0	94	0
SUBTOTAL Animal Welfare	25,225	0	28,590	0	7,811	0
APHIS Information Technology Infrastructure	3,921	0	4,182	0	1,104	0
Physical/ Operational Security	4,947	0	5,133	0	759	0
Decentralized GSA Rental and DHS Security Payments	0	0	0	0	42,567	0
SUBTOTAL Agency Management	8,868	0	9,315	0	44,430	0
General Provision 748	0	0	4,260		4,179	
Commodity Credit Corporation	5,213	0	12,947	0	6,596	0
Farm Bill Section 10201 and 10202 and 10007	47,008	0	57,286	0	2,920	0

Line-item	FY 2013		FY 2014		FY 2015**	
	Federal*	Non-Federal	Federal*	Non-Federal	Federal*	Non-Federal
Advances and Reimbursements	162,360	0	169,301	0	60,591	0
H1N1 from Health and Human Services	4,113	0	4,741	0	989	0
VHS Supplemental, Homeland Security, HUB Relo, & Department	106	0	128	0	0	0
Buildings & Facilities	1,135	0	4,662	0	184	0
Trust Funds	14,919	0	7,807	0	4,293	0
Refunds for equipment sold	0	0	1,047	0	0	0
Agricultural Quarantine Inspection User Fees	194,095	0	193,890	0	72,260	0
SUBTOTAL Other	428,949	0	456,069	0	152,012	0
TOTAL	\$1,185,360	\$214,702	\$1,273,167	\$241,707	\$415,904	\$0

\*Represents Federal obligations against available funding.

\*\*Some of the 2012 amounts for non-Federal funding previously submitted have been updated/corrected in the 2014 submission.

\*\*\*APHIS will have the 2015 amounts for the non-Federal funding at the end of the fiscal year.

## Indemnity and Contingency Funds

Mr. Aderholt: Describe what has happened during the past year in terms of serious outbreaks of pests and diseases. What resources did the Agency expend on each? What funds have OMB approved from FY 2011 to the present.

Response: In response to the identification of swine enteric coronavirus diseases (SECD) in 31 States in FY 2013 and 2014 (with porcine epidemic diarrhea being the most notable), APHIS spent approximately \$9.8 million in Commodity Credit Corporation (CCC) funds to work with States and the swine industry to manage SECD infections and minimize the impact of these diseases on swine producers and the swine industry. In June 2014, APHIS published a Federal Order that included required disease reporting and the development of herd monitoring and management plans by producers and veterinarians. These actions were designed to better ensure that the Federal government, States, and industry have sufficient information to characterize and understand the scope of SECD and inform control options and decrease the spread of the diseases. APHIS also worked with producers and veterinarians to implement enhanced biosecurity measures on farms. These actions are intended to address the SECD outbreaks in a manner that supports business continuity for commercial pork producers, maintains a safe supply of pork for consumers, and is credible to State and Federal animal health officials. The CCC funds also funded Agricultural Research Service research to enhance understanding of the virus, examine disease transmission methods to inform biosecurity efforts, and protect swine health over the long term. APHIS also participated in a task force with State and industry stakeholders to investigate SECDs and their origins on premises, identify additional cases and understand transmission risk factors and develop strategies for control and elimination, among other things. In part due to APHIS' efforts, these diseases have caused no disruption of international trade, or hindered the pork industry's efforts to market their products. In FY 2015, APHIS is continuing to manage SECD infections and minimize the impact of these diseases on swine producers and the swine industry.

In FY 2014, APHIS continued addressing an outbreak of the Asian longhorned beetle (ALB) in Clermont County, Ohio, and a recently detected outbreak on Long Island, New York. APHIS spent \$921,359 from available CCC balances to continue eradication activities in Ohio. APHIS provided funds to the Ohio Department of Agriculture through a cooperative agreement to continue delimiting the infestation and supporting contracts for tree removal and treatment of exposed trees in certain areas. APHIS projects to complete delimitation of the infested area by FY 2016. Completing delimiting surveys is essential to ensuring that all infested trees are found and removed and that the treatment and regulated areas are accurately defined. At the end of FY 2014, approximately 61 square miles in Ohio were under quarantine for ALB. In addition, the program inspected 1.3 million trees and removed 13,000 infested trees. In FY 2015, APHIS and its partners in Ohio are continuing delimitation activities. To address the new Long Island outbreak, APHIS reprogrammed \$4 million from the Plant Protection Methods Development line item to the ALB program with the consent of the House and Senate Appropriations Committees. The funds were

available because both the FY 2014 appropriation and the 2014 Farm Bill provided funds for the National Clean Plant Network. APHIS used the funds to increase the amount of area surveyed to cover the 51 square-mile regulated area and removed an estimated 3,900 infested and/or high-risk trees in Long Island, New York. The funds also enabled APHIS to continue making progress in other areas affected by ALE, including Ohio and Massachusetts.

The European grapevine moth (EGVM) is a significant pest of grapes and other specialty crops. APHIS has worked collaboratively with the California Department of Food and Agriculture (CDFA), grape growers, counties, and others to eradicate this pest. In FY 2014, APHIS used \$2.08 from available CCC balances, along with \$3.8 million in Specialty Crop Pests funding and \$3.7 million in Farm Bill Section 10201 funding, to address the EGVM. APHIS provided the majority of the funding to CDFA to support trapping for the pest, regulatory inspections, and residential vineyard treatments. This successful program has reduced the EGVM population by more than 99.99 percent since it was first detected, and APHIS has removed more than 80 percent of the quarantined area from regulation. In FY 2014, APHIS and cooperators detected only a single moth. Intensive survey and regulatory activities are continuing in FY 2015, protecting grape production in California that was worth \$2.8 billion in FY 2012.

The table below shows CCC releases from FY 2011 through FY 2014. As of March 3, 2015, there were no CCC releases to date in FY 2015.

CCC RELEASES FY 2011 THROUGH FY 2014  
(dollars in thousands)

Fiscal Year	Program	Amount
FY 2011	European Grapevine Moth (EGVM)	\$16,922
	CCC balances redirected to EGVM	-6,000
FY 2012	Asian Longhorned Beetle	\$13,294
	European Grapevine Moth	8,000
FY 2014	Swine Enteric Coronaviruses (SECD)	\$26,170
	CCC balances redirected to SECD	-5,273

Mr. Aderholt: Were any indemnity funds used in fiscal years 2010 through 2015 to date?

Response: The information is submitted for the record.

[The information follows:]

## APHIS INDEMNITY OBLIGATIONS

Disease Program	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 as of March 3, 2015
Bovine Spongiform Encephalopathy	0	0	\$19,913	\$3,420	0	0
Brucellosis	\$28,381	\$10,138	14,408	2,065	\$4,138	\$750
Chronic Wasting Disease	53,248	150,967	0	0	1,370,273	0
Avian Influenza	1,137,162	696,322	90,390	74,424	1,241,203	2,392,954
Pseudorabies	130	2,096	15,455	148	43,178	0
Scrapie	121,651	138,178	16,262	23,538	107,361	4,175
Tuberculosis <sup>1/</sup>	2,980,579	1,182,339	2,633,944	678,677	194,018	1,042,901
Total	\$4,321,151	\$2,180,040	\$2,790,372	\$782,272	\$2,960,171	\$3,440,780

1/ In FY 2013, USDA implemented a policy change for providing indemnities for tuberculosis (TB). Rather than automatically depopulating a herd when TB is detected, USDA now uses an analytical model to compare the cost of depopulation with the cost of using a test-and-remove protocol. When practical, many herd owners are opting for the test-and remove protocol, which results in less indemnity funds obligated.

Mr. Aderholt: What is the current status of the APHIS Contingency Fund?

Response: The information is submitted for the record.

[The information follows:]

APHIS CONTINGENCY FUND  
(Dollars in Thousands)

Availability:	
Total Balance Carried Forward from FY 2014	\$4,062
FY 2015 Appropriation	470
FY 2015 Availability	\$4,532
FY 2015 Releases as of March 3, 2015:	
Cattle Fever Tick	2,387
Current Available Balance	\$2,145

Mr. Aderholt: Please update a table listing all funding expenditures from the Contingency Fund, to include fiscal years 2010 through 2015 to date.

Response: The information is submitted for the record.

[The information follows:]

APHIS CONTINGENCY FUND EXPENDITURES  
(Dollars in Thousands)

Program	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 (through 03/03/15)
Contagious Equine Metritis	\$108	0	0	0	0	0
Cattle Fever Tick	0	0	0	0	0	\$1,187
European Grapevine Moth	3,098	0	0	0	0	0
Feral Swine	0	0	0	\$921	0	0
Giant African Land Snail	0	0	\$773*	723*	0	0
Total	\$3,206	\$0	\$773	\$1,644	\$0	\$1,187

\* APHIS originally obligated \$1.5 million for the Giant African Land Snail emergency in FY 2012; however, \$773,000 was used in FY 2012, and \$723,000 was used in FY 2013.

Mr. Aderholt: Provide a five-year table that shows the projected revenue for import/export user fees and the projected revenue for veterinary diagnostic user fees including fiscal year 2015 estimates.

Response: The information is submitted for the record.

[The information follows:]

ESTIMATED USER FEE REVENUE  
FYs 2014-2018  
(Dollars in Millions)

	FY 2014 Actual	FY 2015 Estimate	FY 2016 Estimate	FY 2017 Estimate	FY 2018 Estimate
Import/Export User Fees (includes Animal Import Centers in Newburgh and Miami)	\$43.7	\$43.7	\$43.7	\$43.7	\$43.7
Veterinary Diagnostics User Fees	\$5.9	\$5.9	\$5.9	\$5.9	\$5.9

Mr. Aderholt: Please provide a table showing how much APHIS spent in foreign countries to include fiscal years 2010 through estimated 2015.

Response: The information is submitted for the record. The information provided includes APHIS appropriated and user fee spending in foreign countries. Please note this table does not include spending from other funding sources (e.g., reimbursable agreements, trust funds, etc.)

[The information follows:]

Region	Country	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 (est.)
Africa	Egypt	\$674,658	\$416,456	\$310,248	\$422,529	\$558,898	\$595,000
	Senegal	1,161,157	1,015,306	559,089	421,077	341,132	480,000
	South Africa	983,739	455,992	503,155	534,195	613,730	895,000
Asia/Pacific	Other	93,200	0	0	0	0	0
	Australia	76,485	0	0	0	0	0
	Burma	199,883	117,707	31,134	0	0	0
	Cambodia	223,974	128,262	40,664	0	0	0
	China	492,951	763,116	1,319,385	1,329,724	1,621,410	1,600,000
	India	327,000	401,687	651,155	438,264	485,360	440,000
	Indonesia	431,734	237,316	11,534	0	0	0
	Japan	572,313	839,040	967,769	890,110	882,089	945,000
	Laos	199,706	136,713	41,339	0	0	0
	Philippines	404,493	489,834	506,119	446,663	442,053	400,000
South Korea	South Korea	406,357	430,255	422,494	408,551	461,381	275,000
	Taiwan	440,871	419,566	434,376	442,970	386,700	395,000
	Thailand	570,780	513,916	619,937	554,281	430,930	570,000
	Other	441,593	0	0	0	0	0
Caribbean	Dominican Republic	3,232,788	2,157,327	1,497,905	865,156	1,047,954	760,000
	Haiti	502,978	400,000	315,152	0	0	0
Central America	Trinidad & Tobago	73,488	100,000	177,164	219,347	117,980	265,000
	Belize	720,999	251,288	101,073	197,262	159,374	330,000
	Costa Rica	1,043,047	847,196	747,541	481,307	975,054	950,000
	Guatemala	23,998,619	23,230,564	26,651,941	21,394,157	21,379,331	23,000,000
Europe	Honduras	278,711	90,019	101,951	213,806	9,740	7,300
	Nicaragua	744,838	456,740	258,075	0	0	0
	Panama	21,844,822	19,623,945	15,177,161	16,285,598	15,646,268	16,400,000
	Austria	677,934	651,441	692,099	207,562	210,032	290,000
	Belgium	748,419	1,320,578	1,412,678	1,521,590	1,661,763	1,695,000

Region	Country	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 (est.)
	Croatia	0	0	0	0	27,640	0
	France	303,245	394,514	257,416	301,357	387,386	400,000
	Germany	previously in "other"	previously in "other"	previously in "other"	206,984	265,983	250,000
	Italy	588,479	549,782	523,333	634,798	626,131	415,000
	Russia	previously in "other"	previously in "other"	previously in "other"	150,689	150,689	150,000
	Switzerland	0	0	0	no longer used	199,704	200,000
	Other	141,376	208,879	394,489		0	0
North America	Canada	685,876	573,488	353,788	471,033	343,088	340,000
	Mexico	13,500,553	11,988,075	7,497,365	8,245,473	8,047,002	7,760,000
South America	Argentina	462,448	348,246	334,210	331,841	6,871	7,000
	Bolivia	76,485	201,067	290,839	200,841	195,957	240,000
	Brazil	984,854	1,523,272	967,717	607,699	659,525	705,000
	Chile	801,854	848,353	543,198	573,920	282,146	370,000
	Colombia	1,397,869	1,390,716	1,561,906	794,452	1,139,123	1,130,000
	Ecuador	176,485	236,851	190,352	146,855	146,549	150,000
	Peru	76,485	36,691	597,754	572,958	433,788	430,000
	Uruguay	76,485	5,242	152,286	208,231	209,638	235,000
	Venezuela	176,485	208,994	20,476	0	0	0
Total		\$81,016,516	\$74,008,434	\$67,236,267	\$60,721,280	\$60,572,399	\$63,074,300

Please note that APHIS has high expenditures in Guatemala, Panama, and Mexico due to substantial operational programs that exist in those countries, including a fruit fly rearing facility in Guatemala and a sterile screwworm rearing facility in Panama. The Agency has a variety of programs in Mexico that support activities related to Fruit Fly, Cotton Pests, Overseas Technical and Trade Operations, and Agriculture Quarantine Inspection.

## Rabies

Mr. Aderholt: What is the status of the national rabies management plan? How much did the Agency spend in FY 2014 and estimated expenditures for fiscal years 2015 and 2016 for this program?

Response: The National Rabies Management Program (NRMP), which is linked to the North American Rabies Management Plan, focuses on three broad goals: enhancing the coordination of rabies surveillance; managing and preventing further spread; and, eliminating rabies virus variants in terrestrial carnivores. APHIS and cooperators have made significant progress toward meeting these goals. In FY 2014, the NRMP distributed oral rabies vaccination baits in 16 States. Using a coordinated, strategic application of oral rabies vaccine (ORV) along with other rabies control measures, we have eliminated rabies in coyotes and are on the verge of eliminating rabies in gray foxes in Texas. In addition, there have been no cases of canine rabies in the United States since 2004, and no appreciable spread of raccoon rabies toward the western United States or north into Canada. APHIS continues to prevent the westward spread of raccoon rabies by managing a vaccination zone from Maine to Alabama.

The only licensed bait currently used in ORV programs has proven to be effective in preventing the spread of raccoon rabies and eliminating rabies variants in coyotes, and foxes. However, APHIS is working toward Phase 2 goals of raccoon rabies elimination. To accomplish this effort, APHIS is pursuing a new vaccine-bait combination that not only controls rabies in these animals, but may also better target skunks which are critical to rabies control efforts. The ONRAB vaccine that is currently used in Canada to control rabies in raccoons, skunks, and foxes was first field tested in the United States in 2011 and promising results warranted expanded testing of the vaccine into four additional States during 2012-2014. In FY 2015, APHIS will conduct a second year ONRAB field trial in West Virginia focused on high bait density distribution in skunk populations, and an ONRAB field trial in an urban-suburban habitat will be conducted in Burlington, Vermont.

In FY 2014, APHIS spent approximately \$23.8 million for national rabies control and surveillance. APHIS plans to spend approximately \$26.0 million in FY 2015 and \$23.5 million in FY 2016.

Mr. Aderholt: What rabies management programs, activities or locations will be reduced or eliminated in fiscal year 2015 and 2016, if any? What is the risk associated with such changes in the program?

Response: In FY 2015, APHIS plans to spend approximately \$26 million for rabies management. The appropriation provided an increase in funding for this purpose. In FY 2016, APHIS will continue to focus on a comprehensive rabies management strategy to contain and/or eliminate the rabies virus. The President's budget proposed a decrease of \$2.564 million for the FY 2016 oral rabies vaccination (ORV) program. APHIS will maintain the majority of the existing rabies barrier from Maine to Ohio and to Alabama and minimize our activities

in States geographically distant from the rabies ORV zone. However, we will significantly reduce enhanced rabies surveillance efforts, such as wildlife sample collection and testing, and slow on-going progress to eliminate raccoon rabies in the eastern United States.

At the requested funding level, APHIS will discontinue ORV and surveillance in Florida, Massachusetts, and Maryland. Activities in these three States do not directly contribute to the maintenance of the raccoon rabies ORV zone in the eastern United States or the gray fox ORV zone in the western United States. APHIS will work with the impacted States to provide service on a reimbursable basis. APHIS plans to spend approximately \$23.5 million in FY 2016.

Mr. Aderholt: What additional efforts are conducted by APHIS to control the spread of wildlife rabies?

Response: APHIS works to eliminate and prevent the spread of rabies in wildlife by conducting strategic oral rabies vaccination (ORV) campaigns in defined zones. The result is the increased protection to public health and significant reduction to the costs associated with living with rabies. The goal of the ORV program is to continue to contain rabies outbreaks, to maintain the rabies-free status that has been achieved for canine rabies in coyotes in Texas, and more recently to eliminate a unique rabies variant in gray foxes in Texas. In addition to these accomplishments, APHIS has prevented spread of raccoon rabies toward the western United States or north into Canada. In FY 2014, APHIS distributed more than 8.1 million ORV baits over 162,902 square kilometers.

Currently, APHIS is working with the Centers for Disease Control and Prevention and the Global Alliance for Rabies Control to streamline the use of a rapid rabies diagnostic field procedure that allows for diagnoses in one hour. From 2005 through 2014, APHIS tested 68,538 samples with 1,274 testing positive for rabies. This source of surveillance information is vital to science-based ORV decisions for future intervention strategies.

It is well recognized that vampire bats are the primary reservoir of rabies in Latin America, including Mexico. Recent evidence suggests that vampire bats have expanded their geographic range to within 125 miles of the United States border, which could threaten public health and livestock. APHIS has begun working to strategically plan ways to enhance vampire bat surveillance in the border regions of the United States and Mexico to monitor trends and consider future potential management options.

Finally, the National Rabies Management Program is conducting collaborative field trials to evaluate the oral rabies vaccine ONRAB. The ONRAB vaccine could increase rabies immunity of raccoons in the United States, and provide a more effective means to eliminate rabies in raccoons. In FY 2014, APHIS completed a three-year raccoon rabies field trial in West Virginia, New Hampshire, New York, Vermont and Ohio. In total, the Agency has distributed more than 4.2 million ONRAB baits in these five States, and we continue to evaluate the serological results as they are received from collaborating rabies laboratories. In FY 2015, APHIS plans to complete an additional field trail in New

York. This field trial will provide new information on the use of ONRAB to manage raccoon rabies along major river systems that pose a high risk of rabies spread across international borders with Canada. All data from ONRAB field trials provides supporting scientific evidence that could lead to licensing in the United States as early as 2015.

APHIS relies on the international collaborative rabies management framework, established through the North American Rabies Management Plan. Partners to this plan include the United States, Canada, Mexico, and the Navajo Nation. The plan involves coordination with surveillance activities, control programs, vaccine development, and field trials. APHIS, other Federal agencies, and Canadian provinces have coordinated rabies surveillance and control in raccoons along the border to monitor and ensure program effectiveness.

#### Emergencies

Mr. Aderholt: How was USDA's emergency authority used in fiscal years 2013 and 2014? How much did USDA use for each incidence and was it transferred from CCC?

Response: All emergency transfers to APHIS were from the Commodity Credit Corporation (CCC). Amounts available and used for each incident are submitted for the record.

[The information follows:]

#### COMMODITY CREDIT CORPORATION FUNDING (Dollars in Thousands)

Program	FY 2013 CCC Releases/ Redirections	FY 2013 Obligations <sup>a/</sup>	FY 2014 CCC Releases/ Redirections	FY 2014 Obligations <sup>a/</sup>
Asian Longhorned Beetle	0	\$4,283	0	\$922
Bovine Tuberculosis	0	352	0	17
Cattle Fever Tick	0	0	0	31
European Grapevine Moth	0	530	0	2,080
Grasshopper	0	48	0	86
Novel Enteric Coronaviruses	0	0	\$26,170	9,811
TOTAL	0	\$5,213	\$26,170	\$12,947

a/ Please note that balances were available from CCC transfers in prior years.

Mr. Aderholt: For CCC funds approved for APHIS emergencies, what were the carryover amounts into fiscal years 2014 and 2015?

Response: Of the Commodity Credit Corporation (CCC) funds approved for APHIS emergencies in FY 2013 (including CCC releases in prior years), APHIS carried over \$16.54 million into FY 2014.

In FY 2014, APHIS received \$26.17 million from CCC transfers, of which \$5.27 million was redirected from prior balances. APHIS obligated \$8.82 million against prior year funds and \$4.13 million against the current year funds. The carryover into FY 2015 was \$24.8 million, including \$.282 million in account recoveries from prior year deobligations.

Mr. Aderholt: Has the agency requested any funds from the CCC for emergency purposes in fiscal year 2015 to date? If so, for what programs? What was the amount of the request? Have the funds been apportioned?

Response: As of March 3, 2015, APHIS has not requested approval for any new Commodity Credit Corporation transfers for FY 2015.

Mr. Aderholt: Please provide a table that shows a breakout of the number of emergencies that occurred, as well as the amount of both agency and CCC funds that were used to combat the emergency to include fiscal years 2010 through 2014 and fiscal year 2015 estimates. Please include a total column.

Response: The information is submitted for the record.

[The information follows:]

ANIMAL AND PLANT HEALTH INSPECTION SERVICE  
EMERGENCY PROGRAM FUNDING  
(Dollars in Thousands)

Fiscal Year	Emergency	Program Funds	Contingency Funds	Sub-Total	CCC Funds	Total
2010	Asian Longhorned Beetle	\$33,021	0	\$33,021	\$41,451	\$74,472
	Contagious Equine Metritis		\$144	144	0	144
	European Grapevine Moth	0	3,100	3,100	0	3,100
	Grasshopper	5,578	0	5,578	10,735	16,313
	Redirected Balances	0	0	0	-16,070	-16,070
	2010 Total	\$38,599	\$3,244	\$41,843	\$36,116	\$77,959
2011	European Grapevine Moth	0	0	0	\$16,922	\$16,922
	Redirected Balances	0	0	0	-6,000	-6,000
	2011 Total	\$0	\$0	\$0	\$10,922	\$10,922
2012	Asian Longhorned Beetle	\$39,667	0	\$39,667	\$13,294	\$53,961
	European Grapevine Moth	0	0	0	8,000	8,000
	Giant African Snail	0	\$1,500	1,500	0	1,500
	2012 Total	\$39,667	\$1,500	\$41,167	\$21,294	\$63,461
2013	Feral Swine	0	\$1,000	\$1,000	0	\$1,000
	2013 Total	\$0	\$1,000	\$1,000	\$0	\$1,000
2014	Novel Enteric Coronaviruses	0	0	0	\$26,170	\$26,170
	Redirected Balances	0	0	0	-5,273	-5,273
	2014 Total	\$0	\$0	\$0	\$20,897	\$20,897
2015	As of March 3, 2015	0	0	0	0	0
	2015 Total	\$0	\$0	\$0	\$0	\$0

Note: Funding amounts represent budget authority and not obligations.

Mr. Aderholt: Please provide a table for the record showing all APHIS line items that have proposed increases for fiscal year 2016 that were funded out of the CCC in fiscal years 2014 or 2015 and the corresponding funding amounts.

Response: APHIS is proposing a \$550,000 increase within the Swine Health line item to improve emerging swine disease detection and response capabilities. However, this increase would not necessarily address Novel Enteric Coronaviruses exclusively. As of March 3, APHIS has received no CCC funding for FY 2015. The information is submitted for the record.

[The information follows:]

ANIMAL AND PLANT HEALTH INSPECTION SERVICE  
EMERGENCY PROGRAM FUNDING REQUESTS

Program	FY 2014 CCC Release Amount	FY 2016 Increase Request
Novel Enteric Coronaviruses	\$26,170,374	\$550,000
TOTAL*	\$26,170,374	\$550,000

\*Of the FY 2014 total, \$5,272,896 was redirected from existing balances.

Mr. Aderholt: For the record, provide a five-year history of funds that have come from the CCC for emergency outbreaks, and into two categories: (1) expenditures to combat pest and/or disease outbreaks that are indigenous to the United States, and (2) expenditures that have been made to combat pest and/or disease outbreaks that have been "imported" to the United States.

Response: The information is submitted for the record.

[The information follows:]

ANIMAL AND PLANT HEALTH INSPECTION SERVICE  
EMERGENCY PROGRAM OBLIGATIONS  
(Dollars in Thousands)

Fiscal Year	Emergency	Indigenous	Imported	Total Obligations a/
2010	Asian Longhorned Beetle	--	\$24,809	
	Cattle Fever Tick	\$751	--	
	Grasshopper	4,207	--	
	Light Brown Apple Moth	--	22,068	
	Mediterranean Fruit Fly	--	243	
	Potato Cyst Nematode	--	138	
	Tuberculosis	2,462	--	
	Total	\$7,420	\$47,258	\$54,678
2011	Asian Longhorned Beetle	--	\$18,356	
	Cattle Fever Tick	\$56	--	
	Emerald Ash Borer	--	122	
	European Grapevine Moth	--	14,327	
	Grasshopper	322	--	
	Light Brown Apple Moth	--	5,702	

Fiscal Year	Emergency	Indigenous	Imported	Total Obligations a/
	Mormon Cricket	78	--	
	Potato Cyst Nematode	--	232	
	Tuberculosis	1,760	--	
	Total	\$2,216	\$38,739	\$40,955
2012	Asian Longhorned Beetle	--	\$10,385	
	Cattle Fever Tick	\$34	--	
	European Grapevine Moth	--	10,364	
	Grasshopper	246	--	
	Light Brown Apple Moth	--	1,922	
	Mormon Cricket	3	--	
	Tuberculosis	1,606	--	
	Total	\$1,889	\$22,671	\$24,560
2013	Asian Longhorned Beetle	--	\$4,283	
	European Grapevine Moth	--	530	
	Grasshopper	\$48	--	

Fiscal Year	Emergency	Indigenous	Imported	Total Obligations a/
	Tuberculosis	--	352	
	Total	\$48	\$5,165	\$5,213
2014	Asian Longhorned Beetle	--	\$922	
	Cattle Fever Tick	\$31	--	
	European Grapevine Moth	--	2,080	
	Grasshopper	86	--	
	Novel Enteric Coronaviruses	--	9,811	
	Tuberculosis	--	17	
	Total	\$117	\$12,830	\$12,947

a/ Please note that prior year balances were available in some cases.

## Chronic Wasting Disease

Mr. Aderholt: What is APHIS doing to combat chronic wasting disease (CWD) in farmed cervid populations? What is the Agency's involvement with CWD in wild cervid populations?

Response: In FY 2014, APHIS tested approximately 20,000 farmed cervids for chronic wasting disease (CWD), and found two new positive white-tailed deer herds - one in Pennsylvania and one in Wisconsin. APHIS provided indemnity for and was the lead agency for the depopulation and disposal of two large CWD infected farmed cervid herds in Iowa and Minnesota that had been under quarantine since FY 2012. APHIS also provided indemnity for and assisted with the appraisal and depopulation of the CWD infected farmed cervid herd in Pennsylvania.

As of March 3, 2015, two positive white-tailed deer herds, both owned by the same producer in the same county, have been identified in Ohio. One of those herds has been depopulated (results pending) and the other is scheduled to be depopulated soon.

Six elk herds in Colorado, four elk herds in Nebraska, and one white-tailed deer herd in Wisconsin remain in quarantine. There also are numerous CWD exposed herds that are epidemiologically linked to CWD positive herds that remain in State quarantine, pending the completion of the epidemiology investigations.

Our voluntary national CWD Herd Certification Plan (HCP) helps States, Tribes, and the cervid industry control CWD in farmed cervids by allowing interstate cervid movement only from certified herds with a low risk for CWD. This measure is aimed at reducing CWD spread between States and disease transmission between wild and farmed cervids. APHIS evaluates State HCPs to ensure their compliance with national requirements, conducts reviews to ensure compliance, and supports testing to confirm presumptive cases. Currently, 29 States participate in the national CWD HCP - 28 have Approved Status and one has Provisional Approved Status. States that meet the CWD HCP requirements have Approved Status, and States that do not meet CWD HCP program requirements but have developed a work plan and time frame with APHIS to complete those requirements have Provisional Approved Status.

In addition to providing minimum requirements for interstate movement of farmed cervids, APHIS' CWD HCP rule provides minimum requirements for interstate movement of captured wild cervids. Cervids captured from a free-ranging wild population for the purpose of interstate movement and release must originate from a population that has been documented to be low risk for CWD. This determination is based on having a surveillance program for wild cervids that is approved by the receiving State and APHIS.

In 2014, APHIS' National Animal Health Monitoring System, in cooperation with the National Agricultural Statistics Service, began conducting the first national study of the U.S. farmed-cervid industry. This study's objectives are to provide a baseline description of the U.S. farmed-cervid industry, and describe production practices and challenges, the occurrence and management of epizootic hemorrhagic disease, and the health and biosecurity practices vital for controlling infectious diseases.

APHIS also provides assistance to States with outbreak investigation, assessment of risk posed by infected or exposed animals, development of herd plans and continues to develop strategies for the purpose of controlling and managing CWD in farmed cervids.

Mr. Aderholt: Please provide a five year history for APHIS efforts in support of CWD in cervid populations? What support does APHIS provide to States?

Response: In FY 2010 and FY 2011, our CWD program focused on testing farmed cervids, conducting epidemiology investigations for positive facilities, and providing indemnity funding for the testing, appraisal, depopulation, and disposal of positive animals. APHIS supported State and Tribal CWD surveillance and control activities. In addition, our National Wildlife Research Center developed new diagnostic test methods and decontamination methods. In support of these activities, we spent approximately \$16.9 million in FY 2010, and \$14.3 million in FY 2011.

In FY 2012, we reduced program activity levels considerably as funding for indemnity payments, cooperative agreements to States and Tribes for surveillance, and research was eliminated from the budget. Funding for CWD testing of farmed cervids also was eliminated, and cervid producers are now responsible for those costs. States are responsible for managing CWD positive, suspect, and exposed herds. APHIS approves the continued enrollment of participating States and cervid producers in the national herd certification program and national reporting of certified herds. APHIS spent approximately \$1.9 million on CWD activities in FY 2012, approximately \$649,000 in FY 2013, and approximately \$2.5 million in FY 2014. We plan to spend approximately \$2 million in FY 2015.

#### Scrapie

Mr. Aderholt: Please provide the latest status of APHIS' efforts to reduce and/or eradicate classical scrapie from the United States? What resources are planned for this program in fiscal years 2015 and 2016?

Response: APHIS' Scrapie Eradication Program focuses on: education and prevention; sheep and goat identification; compliance, surveillance, tracing and testing positive and exposed animals; cleanup of infected and source flocks through genetic testing and indemnification of susceptible exposed animals; monitoring of previously infected and exposed flocks; and, the Scrapie Free Flock Certification Program. To eradicate this disease, APHIS performs live-animal, necropsy, and slaughter testing to identify infected animals; genetic testing to reduce the susceptibility of sheep flocks to scrapie and to identify which scrapie-exposed sheep from infected and source flocks need to be removed to reduce the risk of recurrence; and testing of exposed animals that have moved out of infected flocks and animals exposed due to sale or movement of exposed or positive animals.

In FY 2014, APHIS tested 48,204 samples from sheep and goats for

scrapie, compared to 45,313 samples tested in FY 2013. This six percent increase is largely due to increased surveillance of scrapie in goats. Since 2003, the percentage of scrapie positive sheep found at slaughter (adjusted for face color) has decreased by 88 percent. At the end of FY 2014, the percent of cull sheep found positive at slaughter and adjusted for face color was 0.019 percent compared to 0.014 percent in FY 2013. During this final phase in the eradication effort, the numbers will likely fluctuate from year to year due to the small number of positive animals remaining. The prevalence of scrapie in U.S. goats is 0.004 percent with an upper 95 percent confidence limit of 0.013 percent. Thus far in FY 2015, one scrapie positive goat was found through slaughter surveillance. In FY 2015 and FY 2016, APHIS plans to spend approximately \$9.4 million per year on scrapie eradication and control activities.

#### Carryover Amounts

Mr. Aderholt: For each APHIS program with extended availability of funds, what were the carryover amounts from fiscal year 2010 into 2011, from fiscal year 2011 into 2012, from fiscal year 2012 into 2013, from fiscal year 2013 into 2014, and from fiscal year 2014 into 2015?

Response: The information is submitted for the record.

[The information follows:]

ANIMAL AND PLANT HEALTH INSPECTION SERVICE  
ESTIMATED PROJECTED CARRYOVER OF FUNDING  
(Dollars in Thousands)

Line Item - Program	Carryover into FY 2011	Carryover into FY 2012	Carryover into FY 2013	Carryover into FY 2014	Carryover into FY 2015
Animal Health Technical Services <sup>a/</sup>	\$4,558	\$2,347	\$4,877	\$5,709	\$6,835
APHIS Information Technology Infrastructure	173	104	170	262	330
Avian Health	22,210	12,372	12,290	11,659	15,132
Cattle Health <sup>b/</sup>	2,290	91	502	1,596	3,131
Contingency Fund	2,423	3,543	3,043	3,506	4,062
Cotton Pests	1,663	1,888	630	2,103	2,992
Equine, Cervid & Small Ruminant Health <sup>c/</sup>	4,543	4,403	2,890	2,031	1,002
Field Crop & Rangeland Ecosystem Pests	2,185	2,212	2,401	2,310	2,665
National Veterinary Stockpile	3,945	3,184	2,924	3,486	4,730
Specialty Crop Pests	14,279	13,659	13,589	17,007	27,946
Tree & Wood Pests	29,217	29,998	10,663	14,668	4,057
Wildlife Service Methods Development	5	217	21	164	246
Wildlife Damage Management <sup>d/</sup>	588	607	631	440	361
<b>TOTAL</b>	<b>\$88,079</b>	<b>\$74,625</b>	<b>\$54,631</b>	<b>\$64,941</b>	<b>\$73,489</b>

<sup>a/</sup> Available for Animal Disease Traceability

<sup>b/</sup> Available for Screwworm

<sup>c/</sup> Available for Scrapie for indemnities

<sup>d/</sup> Available for aviation safety

OIG Audits

Mr. Aderholt: Please provide a table with OIG recommendations for APHIS over the past two fiscal years and a status of APHIS's response and related actions if applicable.

Response: We are providing OIG recommendations, APHIS's response, and the status of related actions for fiscal years 2013 and 2014, beginning with the most recent report.

[The information follows:]

APHIS ACTIONS TO ADDRESS  
OFFICE OF INSPECTOR GENERAL (OIG) AUDIT RECOMMENDATIONS  
FISCAL YEAR 2014

APHIS Oversight of Research Facilities (33601-01-41) Report Issuance Date: December 10, 2014		
<b>Section 1: AC Inspections</b>		
OIG RECOMMENDATIONS	AGENCY RESPONSE	STATUS
<p>Findings 1: AC Performed Inspections of Research Facilities that Stopped Using Regulated Animals</p> <p>Recommendation 1: In consultation with the Office of the General Counsel (OGC), determine if APHIS has the administrative discretion to revise the AC Inspection Guide to establish inspection criteria for active research facilities that have not used, handled or transported animals for an extended period, so that these facilities receive limited inspections, similar to those conducted at inactive facilities. Based on this determination, take the appropriate actions to revise the inspection criteria.</p>	<p>APHIS agrees with this recommendation. In consultation with OGC, APHIS has administrative discretion to revise the AC Inspection Guide to establish inspection criteria for active research facilities that have not used, handled, or transported regulated species for an extended period. APHIS will revise the AC Inspection Guide to include criteria for inspecting facilities that have reported no regulated animal use on their Annual Reports. We will revise the AC Inspection Guide by June 30, 2015.</p>	<p>Pending (due by June 30, 2015)</p>

APHIS Oversight of Research Facilities (33601-01-41)			
Report Issuance Date:	December 10, 2014		
<p>Finding 2:            Veterinary Medical Officers (VMO) Did Not Always Review Protocols and Annual Reports, as Required</p>	<p>Recommendation 2: Revise the AC Inspection Guide to reduce the sampling period for inactive protocols from 3 years to 1 year to align with agency inspection requirements.</p>	<p>APHIS agrees with this recommendation. We will revise the AC Inspection Guide by June 30, 2015.</p>	<p>Pending (due by June 30, 2015)</p>
	<p>Recommendation 3: Emphasize to all VMOs and supervisors their responsibility to follow the AC Inspection Guide in selecting and reviewing protocols, and to review annual reports for accuracy.</p>	<p>APHIS agrees with this recommendation. We will emphasize to Animal Care staff their responsibility to follow the AC Inspection Guide in selecting and reviewing protocols and to review Annual Reports for accuracy. We will inform staff and revise the AC Inspection Guide by June 30, 2015.</p>	<p>Pending (due by June 30, 2015)</p>
	<p>Recommendation 4: Require VMOs to document and maintain a record of the protocols they reviewed and the rationale for selecting them.</p>	<p>APHIS agrees with the intent of this recommendation. APHIS has determined that the development and distribution of protocol selection and review guidance is the most effective method to ensure that VMOs are appropriately selecting animal use protocols for</p>	<p>Pending (due by June 30, 2015)</p>

APHIS Oversight of Research Facilities (33601-01-41)  
 Report Issuance Date: December 10, 2014

	<p>review. The guidance for use during inspections will include a standardized protocol selection list and instructions to include the reason each protocol was selected for review. The guidance will also include instructions to the VMOS to retain the completed lists so that supervisors can review those lists during supervisory "ride-alongs" and/or reviews. APHIS will revise the AC <i>Inspection Guide</i> regarding the inspector's process for reviewing research protocols by June 30, 2015.</p>	<p>Pending        (due by        June 30,        2015)</p>
	<p>Recommendation 5: Add instructions to the "Annual Report Checklist" that if research facilities choose to report animals in field studies, they should be identified as non-regulated animals.</p>	<p>APHIS agrees with this recommendation. We will provide written guidance to the research facilities on the updated requirements for completion of the "Annual Report of Research Facility" form. We will develop and distribute this guidance by June 30, 2015.</p>

APHIS Oversight of Research Facilities (33601-01-41)			
Report Issuance Date: December 10, 2014			
Section 2: Enforcement			
<p>Finding 3: APHIS Closed Cases Involving Animal Deaths</p>	<p>Recommendation 6: Require the Animal Care unit to document its rationale for closing any case that is not closed by the Investigative and Enforcement Services (IES).</p>	<p>APHIS agrees with this recommendation. APHIS issued a memorandum which requires AC staff to document the rationale for closing any investigative case that is not closed by IES. The memorandum was issued on December 30, 2014.</p>	<p>Implemented December 30, 2014</p>
<p>Finding 4: IES Offered Reduced Penalties to Some Violators</p>	<p>Recommendation 7: Review the adjustments given on the penalty worksheet and consider such options as lowering the settlement reduction (e.g., from 75 to 65 percent) across all programs, decreasing the range of AWA-authorized reductions, or decreasing the discretionary reduction.</p>	<p>APHIS agrees with this recommendation. By September 30, 2015, we will convene a meeting of the Civil Penalty Action Team for the AWA to review the penalty guidelines and worksheet and consider whether APHIS should revise any of the adjustments noted above. APHIS will consult with OGC, in an advisory capacity, as necessary.</p>	<p>Pending (due by September 30, 2015)</p>
	<p>Recommendation 8: Document in a formal policy the reasons for the decisions made (i.e., points and ranges of reductions for each factor) to provide reductions in the penalty worksheet.</p>	<p>APHIS agrees with this recommendation. We will convene a meeting of the Civil Penalty Action Team for the AWA. APHIS will consult with OGC, in an advisory capacity, as necessary. APHIS will document the reasons for the decisions made</p>	<p>Pending (due by September 30, 2015)</p>

APHIS Oversight of Research Facilities (33601-01-41) Report Issuance Date: December 10, 2014			
	regarding each of the adjustments in a formal policy by September 30, 2015.		
	<p>Recommendation 9: Revise the supplemental penalty table for unlicensed animal sales to ensure the penalties it generates are not excessive.</p>	<p>APHIS agrees with this recommendation. We will revise the penalty table for unlicensed animal sales to ensure the penalties it generates are not excessive, by September 30, 2015. In the interim, APHIS will continue to carefully review penalties associated with unlicensed animal sales until the revisions are in place to ensure the penalties are fair, equitable, and consistent with the statutory factors outlined in the AWA for determining appropriate penalties.</p>	<p>Pending (due by September 30, 2015)</p>
<p>Finding 5: IES Needs to Further its Refine its Guidelines for Penalty Calculation</p>	<p>Recommendation 10: Revise "Determining Penalties Under the Animal Welfare Act" guidelines to expressly include self-reported violations for potential good faith reductions and give greater consideration for violations resulting in serious animal injury or</p>	<p>APHIS generally agrees with this recommendation, with one exception. APHIS already considers self-reported violations in its good faith assessment. APHIS will revise "Determining Penalties Under the Animal Welfare Act"</p>	<p>Pending (due by September 30, 2015)</p>

<p>APHIS Oversight of Research Facilities (33c01-01-41)          Report Issuance Date: December 10, 2014</p>		
<p>animal deaths when determining good faith reductions to penalties. Require that justifications for good faith decisions be documented in case files.</p>	<p>guidelines to expressly include self-reported violations for potential good faith reductions, and to require that justifications for good faith decisions be documented in case files, by September 30, 2015.</p>	<p>Pending          (due by September 30, 2015)</p>
<p>Recommendation 11: Emphasize in IES guidelines that the use of testimony and inspectors' reports can be sufficient, appropriate evidence to determine the number of violations</p>	<p>APHIS agrees with this recommendation. APHIS will revise its existing guidelines for AWA cases to note that the use of testimony and inspection reports can be sufficient, appropriate evidence to determine the number of violations, depending on the circumstances. APHIS will complete these revisions by September 30, 2015.</p>	<p>Pending          (due by June 30, 2015)</p>
<p><b>Section 3: Research Facilities</b></p>		
<p>Finding 6:          Some Institutional Animal Care and Use Committees (IACUC) Are Not Adequately Monitoring Research</p>	<p>Recommendation 12: Provide training or best practice guidelines for protocol review and approval to research facilities.</p>	<p>APHIS agrees with this recommendation. We will develop and distribute guidance to the research facilities on protocol review and approval, by June 30, 2015.</p>

APHIS Oversight of Research Facilities (33601-01-41) Report Issuance Date: December 10, 2014 Facilities			
	<p>Recommendation 13:          Incorporate the activities from the "Other IACUC Functions, Animal Use Activity Monitoring" section of the AC Inspection Guide in the "Continuing Reviews of Activities" section of the regulations and in the "Annual Review" section of the AC Inspection Guide.</p>	<p>APHIS agrees with the intent of this recommendation. APHIS could engage in the rulemaking process to propose incorporation of some language from the AC Inspection Guide into the 9 CFR regulations. However, the length of time necessary for such changes to the regulations is significant and the anticipated benefits are not soon realized during this process. APHIS will undertake non-regulatory actions to implement this recommendation by ensuring that IACUCs appropriately monitor the animal use activities to further comply with the AWA. APHIS will develop and distribute guidance to research facilities on conducting continuing</p>	<p>Pending          (due by          June 30,          2015)</p>

<p>APHIS Oversight of Research Facilities (33601-01-41)          Report Issuance Date: December 10, 2014</p>		<p>reviews of their animal use activities by June 30, 2015.</p>	<p>Pending (due by June 30, 2015)</p>
	<p>Recommendation 14: Develop guidance and training for the research facilities that includes the activities in the "Other IACUC Functions, Animal Use Activity Monitoring" section of the AC Inspection Guide. Require IACUCs (especially those with numerous violations) to increase their number of continuing reviews of activities and document their reviews by providing a description of their activities.</p>	<p>APHIS agrees with the intent of this recommendation. Based on a review of 9 CFR Section 2.31(d)(5) by OGC, an IACUC is compliant in terms of their minimum responsibility to have continuing reviews as long as the IACUC is conducting the reviews of the activities involving animals at least yearly. The IACUC can certainly have it more often than that, but 2.31(d)(5) reserves that judgment completely to the IACUC itself. Requiring IACUCs to increase their number of continuing reviews will require a regulatory change. APHIS could engage in the rulemaking process to require IACUCs to increase their number of continuing reviews. However, the length of time necessary for changes to the</p>	

<p>APHIS Oversight of Research Facilities (33601-01-41)          Report Issuance Date: December 10, 2014</p>		
	<p>regulations is significant and the anticipated benefits are not soon realized during this process, APHIS will pursue a non-regulatory solution to implement this recommendation. APHIS will distribute guidance to ensure that IACUCs appropriately monitor the animal use activities and further comply with the AWA. This guidance for research facilities will include information from the AC Inspection Guide on conducting continuing reviews of their animal use activities, by June 30, 2015.</p>	<p>Pending          (due by          June 30,          2015)</p>
	<p>Recommendation 15: Provide research facilities with guidance on how to prepare annual reports accurately and require the facilities to submit site-specific annual report data.</p>	<p>APHIS agrees with this recommendation and agrees that the inspector should verify that the research facility's Annual Report is accurate and that the availability of site-specific data on Annual Reports will facilitate the inspection process of research facilities with multiple animal research sites. Based on a review</p>

APHIS Oversight of Research Facilities (33601-01-41)  
Report Issuance Date: December 10, 2014

by OGC, 9 CFR Section 2.36(a) requires only that the reporting facility be "that segment of the research facility . . . that uses . . . live animals in research. . ." APHIS will undertake non-regulatory actions to implement this recommendation. APHIS will develop and distribute guidance for the research facilities on accurate preparation of the Annual Report. APHIS will also provide guidance for inspectors on reviewing Annual Reports. APHIS will distribute the guidance documents by June 30, 2015.

Plant Protection and Quarantine Preclearance Offshore Program (33601-01-23)			
Report Issuance Date: September 25, 2014			
Section 1: Management Controls			
	OIG RECOMMENDATIONS	AGENCY RESPONSE	STATUS
<p>Finding 1: APHIS Needs to Improve Its Monitoring and Evaluation of the Preclearance Offshore Program</p>	<p>Recommendation 1: Develop and implement specific performance measures to assess the effectiveness of the Preclearance Program, as it relates to commodity preclearance activities; and include measures to determine the effectiveness of all components of the safeguarding system (mitigations, treatments, and inspections) performed under the operational work plan. Publish these measures in the Plant Protection and Quarantine Operational Work Plan which supports PPQ's Strategic Plan.</p>	<p>APHIS agrees with the intent of this recommendation and will review the port of entry data twice a year to determine if the programs are effectively mitigating the pests. Based on this analysis, APHIS will establish specific performance measures to address identified gaps. APHIS will continue to develop and use performance measures to evaluate and ensure the effectiveness of the Preclearance Program overall. These corrective actions will be implemented by September 30, 2015.</p>	<p>Pending (due by September 30, 2015)</p>
	<p>Recommendation 2: Require Preclearance and Offshore Program managers to undergo management controls training to ensure that all officials understand the significance of good management control practices.</p>	<p>APHIS agrees with this recommendation and on April 3, 2013, Preclearance managers completed management controls training provided by APHIS' Financial Management Division. In addition, APHIS developed new guidance on calculating travel time and implemented a Preclearance travel policy. APHIS will also identify additional</p>	<p>Pending May 4, 2015</p>

Plant Protection and Quarantine Preclearance Offshore Program (33601-01-23) Report Issuance Date: September 25, 2014	
	management controls training for all Preclearance Program managers and require that they complete it by September 30, 2015.
Recommendation 3: Revise and update the Preclearance Commodity Management Guidelines to provide clear roles and responsibilities for all staff and management officials.	APHIS agrees with this recommendation and will revise and update the Preclearance Commodity Management Guidelines by September 30, 2015. These new guidelines will include staff positions, a new roles and responsibilities summary for the Preclearance Program, as well as the internal and external stakeholders of the program.
Recommendation 4: Develop and implement written policies, procedures, and guidelines for performing operation reviews on a regular and recurring basis. As part of these policies, require program managers to document the results of the reviews, including the status of any recommended corrective actions.	APHIS agrees with this recommendation and in 2014 it completed written guidelines and policies for Preclearance Program trip reports, operational work plans, preclearance travel, and training requirements and training requirements for the Locally Employed Staff. Program managers will now complete their trip report reviews within 10 days and corrective actions will be completed within 14 days of the manager's
	Pending (due by September 30, 2015)
	Pending (due by September 30, 2015)

Plant Protection and Quarantine Preclearance Offshore Program (33601-01-23) Report Issuance Date: September 25, 2014			
		review. This recommendation will be implemented by September 30, 2015.	
	Recommendation 5: Require APHIS to develop and implement a process to conduct assessments of risk for the Preclearance Program activities, ensure measurable outcomes, and implement effective reporting processes.	APHIS agrees with the intent of this recommendation and will develop and implement a program assessment process with measurable outcomes to ensure that operations are properly performed, documented, and reviewed by Preclearance management. APHIS also will develop a written policy which outlines how this process will be used and will communicate this policy to the staff through emails and staff meetings by September 30, 2015.	Pending (due by September 30, 2015)
	Recommendation 6: Establish a process to collect and analyze data on actionable pest interceptions for precleared shipments arriving in the United States.	APHIS agrees with the intent of this recommendation and is revising the Pest Interception Record (PFQ Form 309A) to incorporate a field to improve tracking of actionable pest interceptions. In addition, APHIS will rely on the APHIS-Plant Protection and Quarantine (PPO) Analysis	Pending (due by September 30, 2015)

Plant Protection and Quarantine Preclearance Offshore Program (33601-01-23) Report Issuance Date: September 25, 2014		
	and Information Management unit, for data analysis that will allow the Preclearance Program to better evaluate the effectiveness of each program. This recommendation will be implemented by September 30, 2015.	Pending (due by September 30, 2015)
	<p>Recommendation 7: Develop and implement procedures requiring APHIS' review units to conduct ongoing assessments or audits of the programmatic aspect of the Preclearance Program.</p>	<p>APHIS agrees with the intent of this recommendation and will ensure ongoing assessments or audits are conducted on the programmatic aspects of the Preclearance Program. This recommendation will be implemented by September 30, 2015.</p>
<p>Finding 2: PPO Should Fully Utilize Trip Reports as a Monitoring Tool</p>	<p>Recommendation 8: Develop and implement a process requiring Preclearance Program directors to review and evaluate trip reports to ensure that the reports include relevant operational information, as stated in trip report guidelines.</p>	<p>APHIS agrees with this recommendation and on March 18, 2014, it issued a Policy Memo, PM 0003, "Requirements for Trip Reports" outlining the requirements for Preclearance Program trip reports, and, in May 2014, it initiated a process for Preclearance Program Assistant Directors and Area Directors to document their review of program-related trip reports.</p>

Plant Protection and Quarantine Preclearance Offshore Program (33601-01-23) Report Issuance Date: September 25, 2014	
	<p>Recommendation 9: Implement a system that tracks the recommendations and planned corrective actions included in the trip reports, and require managers to ensure that all recommendations are addressed and that appropriate corrective actions are taken.</p> <p>APHIS agrees with this recommendation and stated that in May 2014 it initiated a tracking process for Preclearance Program managers to document their review of program trip reports. APHIS will develop and implement a written policy that outlines the process for reviewing trip reports and the requirement for managers to ensure that all recommendations are addressed and appropriate corrective actions are taken on a quarterly basis. APHIS will communicate this policy to the staff via email and staff meetings.</p>
<p>Finding 3: Country Work Plans Need Strengthening</p>	<p>Recommendation 10: Ensure Operational Work Plans for the commodity Preclearance Programs include commodity specific sampling methodologies and lot sizes; and that the term "lot" is clearly defined in each Operational Work Plan.</p> <p>APHIS agrees with the intent of this recommendation and in March 2014, they developed a template which standardizes the format, content, and review process for the Preclearance Program operational work plans and as new Preclearance Programs are established, it will implement the standardized work plan template.</p>
	<p>Implemented February 11, 2015</p>
	<p>Pending (due by September 30, 2015)</p>

Plant Protection and Quarantine Preclearance Offshore Program (33601-01-23) Report Issuance Date: September 25, 2014		
<p>Recommendation 11: Develop a standard set of consequences for violation of compliance requirements (such as sanitation, unsecured holding rooms, and suspension terms for rejected commodities) and include them in the Preclearance Program's work plan template. Require that these penalties be included as a part of each existing work plan. Review the template annually, and determine if updates are needed.</p>	<p>APHIS agrees with the intent of this recommendation and will evaluate incorporating progressive enforcement actions to address reoccurring issues based on severity and risk. The Agency will conduct a review of Preclearance Program operational work plans annually to ensure that the listed consequences, based on legal authority and level of risk, are standardized to the extent possible. If modifications are needed to a work plan, APHIS will coordinate discussions with the appropriate National Plant Protection Organization and cooperator. APHIS stated that this recommendation will be completed by September 30, 2015.</p>	<p>Pending (due by September 30, 2015)</p>
<p>Recommendation 12: Develop and implement a process for comprehensive annual review of work plans to ensure that any necessary recommendations (stemming from issues such as changes in regulations, different treatment methods, better business practices,</p>	<p>APHIS agrees with the intent of this recommendation. Work plan revisions are made on an as-needed basis and the Agency will ensure consistency in the documentation of the annual reviews. In March 2014, APHIS developed a template which standardizes the</p>	<p>Pending (due by September 30, 2015)</p>

<p>Plant Protection and Quarantine Preclearance Offshore Program (33601-01-23) Report Issuance Date: September 25, 2014</p>	<p>repeated violations), are identified and appropriate revisions are made. This process should include a certification of each work plan to ensure that reviews have been performed annually.</p>	<p>format, content, and review process for the Preclearance Program operational work plans and includes a section to certify that the annual review was completed. APHIS will develop and implement a written policy that outlines this annual review process and will communicate this policy to the staff via email and staff meetings by September 30, 2015.</p>	<p>Pending (due by September 30, 2015)</p>
<p>Finding 4: APHIS Needs to Develop and Implement a Formal On-the-Job Training Process for Locally Employed Staff (LES) Inspectors</p>	<p>Recommendation 13: Develop a formal on-the-job training program for LES inspectors that will ensure they are trained in a manner equivalent to formal APHIS training in the United States. Include in this program specific standards and course lengths that will enable them to adequately learn the required inspection techniques, processes, and oversight activities for their assignments.</p>	<p>APHIS agrees with this recommendation and on July 31, 2013, it issued Policy Memo, PM 0001, titled "Training Requirements for Full-Time Locally Employed Staff Preclearance Inspectors". The policy includes requirements for developing and maintaining standard operating procedures for the programs and documenting completed on-the-job training. This training provides U.S. inspector equivalent training and training records will be maintained on the Preclearance SharePoint site. APHIS also will coordinate with PPQ's Professional Development</p>	<p>APHIS agrees with this recommendation and on July 31, 2013, it issued Policy Memo, PM 0001, titled "Training Requirements for Full-Time Locally Employed Staff Preclearance Inspectors". The policy includes requirements for developing and maintaining standard operating procedures for the programs and documenting completed on-the-job training. This training provides U.S. inspector equivalent training and training records will be maintained on the Preclearance SharePoint site. APHIS also will coordinate with PPQ's Professional Development</p>

<p>Plant Protection and Quarantine Preclearance Offshore Program (33601-01-23) Report Issuance Date: September 25, 2014</p>	<p>Center and the International Services program area to determine if additional technical training for the LES is necessary. If further training is required, APHIS will provide this training via distance learning methods, including web-based training and self-instructional courses. In addition, a syllabus detailing the course descriptions, learning objectives and course length will be developed and maintained on a SharePoint site. This recommendation will be implemented by September 30, 2015.</p>	<p>Pending (due by September 30, 2015)</p>
	<p>APHIS agrees with the intent of this recommendation and stated that the Cooperative Service Agreement outlines the financial requirements for the parties entering into the cooperative agreement and the training costs for the Preclearance Program inspectors are included in the annual financial operating plans. APHIS further stated that this recommendation would be fully implemented by</p>	
	<p>Recommendation 14: Require that each cooperative service agreement or other applicable agreement between APHIS and the cooperator include a provision stating that a specific portion of the trust funds will be allocated toward training Preclearance Program inspectors.</p>	

Plant Protection and Quarantine Preclearance Offshore Program (33601-01-23)  
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		<p>September 30, 2015.</p>	
	<p>Recommendation 15: Create and implement a tracking tool that records all inspector training, including courses taken, completion dates, and future training needs. Retain documentation of the completed training in the employees' training records.</p>	<p>APHIS agrees with this recommendation and stated that in 2014, it initiated a process to track LES inspector training, including courses, completion dates, and additional training needs. This process includes documenting personnel, training courses, and completion dates on a spreadsheet that is maintained at the local level and on the Preclearance Program SharePoint site.</p>	<p>Pending (due by September 30, 2015)</p>
	<p>Recommendation 16: Revise the Preclearance Program Management Guidelines to allow LES inspectors to perform primary inspections only after completion of on-the-job training</p>	<p>APHIS agrees with this recommendation and stated that it will review and revise the Preclearance Commodity Management Guidelines to require the LES inspectors to complete on-the-job training prior to conducting inspections. The responsibilities of the LES inspectors will be described</p>	<p>Pending (due by September 30, 2015)</p>

Plant Protection and Quarantine Preclearance Offshore Program (33601-01-23)  
Report Issuance Date: September 25, 2014

in the Guidelines to ensure inspection consistency and documentation for the Preclearance Program staff. This recommendation will be implemented by September 30, 2015.

Verifying Credentials of Veterinarians Employed or Accredited by USDA (50601-01-31) Report Issuance Date: January 30, 2013			
Section 1: Verification of Veterinarian Credentials			
	OIG RECOMMENDATIONS	AGENCY RESPONSE	STATUS
<p>Finding 1: USDA Does Not Always Obtain and Verify the Credentials of Veterinarian Applicants</p>	<p>Recommendation 1: APHIS and FSIS should establish control procedures that (1) clarify the method and responsible person to verify official transcripts, (2) determine what constitutes official transcripts, and (3) establish acceptable methods of receiving official transcripts. The procedures should include controls to determine and document whether transcripts are official when received and to ensure official documents are filed into the eOPF.</p> <p>Recommendation 2: APHIS and FSIS should establish control procedures clarifying the method and responsible person to verify supporting documentation for equivalent degrees for foreign-educated veterinarians and specialized experience for higher pay for tentatively</p>	<p>APHIS agrees with this recommendation. For the veterinarians it hires, APHIS will develop and implement an internal standard operating procedure (SOP) that will: (1) specify the responsible person to receive and verify official transcripts; (2) define an establish acceptable methods of receiving official transcripts; and (4) establish a method in which original, official transcripts are annotated in the eOPF personnel system as having been verified as an original, official transcript.</p> <p>APHIS agrees with this recommendation. In the same SOP referenced in recommendation 1, APHIS will establish the responsible person to verify supporting documentation for equivalent degrees for foreign-educated veterinarians and specialized experience for higher pay for tentatively selected APHIS applicants. The SOP will also</p>	<p>Implemented February 13, 2013</p> <p>Implemented February 13, 2013</p>

Verifying Credentials of Veterinarians Employed or Accredited by USDA (50601-01-31) Report Issuance Date: January 30, 2013	
selected applicants. These procedures should include controls regarding verification of reference checks when specialized experience qualifies the applicant for higher pay.	contain procedures regarding reference checks for when specialized experience qualifies the applicant for higher pay.

APHIS ACTIONS TO ADDRESS  
 OFFICE OF INSPECTOR GENERAL (OIG) AUDIT RECOMMENDATIONS  
 FISCAL YEAR 2013

Follow-up on APHIS' Implementation of the Select Agent or Toxin Regulations(33701-01-AT) Report Issuance Date: November 7, 2012 <b>Section 1: APHIS Oversight</b>		AGENCY RESPONSE	STATUS
Finding 1: APHIS Needs to Strengthen Controls Over Critical Areas in the Select Agent Program	Recommendation 1: Revise inspection procedures to include steps for sampling and reviewing access logs, access privileges, and electronic entry records (if available) to ensure entities are adhering to restricted access requirements, including log book documentation requirements.	In its September 28, 2012, response APHIS stated: APHIS does not concur with the recommendation. APHIS' current inspection procedures include sampling and reviewing access logs, access privileges, and electronic entry records during renewal inspections as well as annual compliance reviews. Select agent inspector training provided by APHIS specifically addresses the process to examine records and to compare those examinations with the list of authorized personnel. However,	Implemented April 25, 2013

<p>Follow-up on APHIS' Implementation of the Select Agent or Toxin Regulations(33701-01-AT) Report Issuance Date: November 7, 2012</p>		<p>APHIS will review the inspection checklists to determine if more specificity is necessary. APHIS does not concur with the recommendation. Select agent inspector training provided by APHIS specifically addresses the process to examine an entity's records to ensure that the training requirements are fulfilled. APHIS inspectors review training records typically from the date of the last inspection forward by both APHIS and the Center for Disease Control and Prevention (CDC) on-site inspectors. APHIS will review the inspection checklists to determine if more specificity is necessary.</p>	<p>APHIS does not concur with this recommendation. APHIS has a Standard Operating Procedure [SOP] for transfers, titled "Procedure for Processing Request to Transfer Select Agents and Toxins, APHIS/CDC Form 2," which was approved January 16, 2011. This document addresses how requests for transfers are communicated within APHIS and CDC. Part of the transfer</p>	<p>Implemented April 25, 2013</p>
	<p>Recommendation 2: Revise the checklists and guidance used by inspectors to include (1) steps to identify evidence of required training, including what documents are needed to verify an individual's understanding of the training, and (2) the scope of an inspector's training documentation review to identify the period of time for which training records were reviewed.</p>	<p>Recommendation 3: Develop and implement procedures to ensure that all affected parties receive communication of relevant information regarding significant decisions, such as the approval of a transfer of a select agent, before such determinations are made.</p>		<p>Implemented June 11, 2013</p>

<p>Follow-up on APHIS' Implementation of the Select Agent or Toxin Regulations(33701-01-AT)                  Report Issuance Date: November 7, 2012</p>		<p>process includes reviewing whether APHIS movement permits are valid for the recipient and sender of the select agent. If the transfer agent includes a CDC-only select agent or toxin, CDC must approve the request. In the transfer case cited in the OIG report, all procedures were followed correctly.</p>	<p>Implemented                  November 27, 2012</p>
<p>Recommendation 4: Notify each registered entity to clarify that its responsible official (RO) must ensure that security risk assessments (SRA) renewals are done timely and not allowed to expire.</p>	<p>APHIS does not concur with the recommendation. APHIS notifies the RO of the SRA expiration dates as a courtesy, and it is the ROs' responsibility to ensure that SRAs are renewed on time. However, the Federal Select Agent Program (FSAP) will develop a guidance document for ROs which will remind ROs that it is their responsibility to see that employee SRAs are renewed in a timely fashion.</p>	<p>Implemented                  November 27, 2012</p>	
<p><b>Section 2: Registered Entity Compliance Issues</b></p>			
<p>Finding 2: APHIS Allowed Transfers of Select Agents to Unregistered Entities Without Approved</p>	<p>Recommendation 5: Establish policies and procedures for handling requests from registered entities to transfer select agents, under special circumstances, such as when an entity must relocate to facilities that are not</p>	<p>APHIS concurs with this recommendation. The FSAP will develop a section of the registration form for entities to register for storage only. FSAP will also develop guidance for inspectors and entities on the requirements for such facilities.</p>	<p>Implemented                  March 6, 2014</p>

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Security Plans	registered with the select agent program.	
<p>Finding 3: Entities Did Not Adhere to Access Security Requirements</p>	<p>Recommendation 6: Provide guidance to registered entities that clarifies the restricted access requirements for select agent registered space. Specifically, the guidance should (1) clearly define "access" and the meaning of "ability to gain possession," and (2) clarify whether access is prohibited to all areas registered for select agent use, storage, and transfer, and include examples of appropriate and inappropriate access control scenarios.</p>	<p>APHIS concurs with this recommendation. APHIS will clarify "access" and "ability to gain possession" in its security plan guidance document and escort</p>
		<p>Implemented November 18, 2013</p>
	<p>Recommendation 7: Ensure that the company, which allowed the scientist who was not SRA approved, restricts access to that individual or obtains appropriate approvals to allow that individual to have access to select agent registered space.</p>	<p>Shortly after OIG advised us of this incident, APHIS sent an inspection team that also included APHIS Investigative and Enforcement Services, to review the incident.</p>
	<p>Recommendation 8: Require the company that allowed unapproved maintenance workers keycard access for</p>	<p>APHIS does not concur with the recommendation. In Title 9 of the Code of Federal Regulations (CFR) section</p>
		<p>Implemented March 7, 2013</p>
		<p>Implemented March 12, 2013</p>

<p>Follow-up on APHIS' Implementation of the Select Agent or Toxin Regulations(33701-01-AT) Report Issuance Date: November 7, 2012</p>	<p>select agent areas to revise its security plan to reflect how it provides access to registered areas for conducting maintenance activities.</p>	<p>121.11(c) and 7 CFR 331.11(c), the select agent regulations state that entities must specify in their security plan provisions for controlling access to select agents and toxins and provisions for routine cleaning, maintenance, and repairs. In the specific instance cited above, the entity had removed select agents from the registered area; therefore, the maintenance workers did not have access to select agents. The entity's security plan properly identifies procedures for access and escort of non-SRA personnel in areas where there is the potential for access to select agents. Therefore, changes are not needed to the entity's security plan.</p>	<p>Implemented January 31, 2013</p>
	<p>Recommendation 9: Determine whether the company that sought permission to allow unescorted access by workers continues to engage in the practice of allowing unescorted access. If so, require the company to revise its security plan to include a provision to</p>	<p>APHIS does not concur with this Recommendation. Regulations in 9 CFR 121.11(c) and 7 CFR 331.11(c) state that entities must specify in their security plan provisions for controlling access to select agents and toxins and provisions for routine cleaning, maintenance, and repairs. In the specific</p>	

<p>Follow-up on APHIS' Implementation of the Select Agent or Toxin Regulations(33701-01-AT)          Report Issuance Date: November 7, 2012</p>	<p>allow unescorted maintenance workers and describe the types of additional security measures to be implemented when unescorted persons are present.</p>	<p>instance cited above, the entity had removed select agents from the registered area; therefore, the maintenance workers did not have access to select agents. The entity's security plan properly identifies the procedures for access and escort of non-SRA personnel in areas where there is the potential for access to select agent regulations. Therefore, changes are not needed to the entity's security plan.</p>	<p>Implemented April 25, 2013</p>
<p>Finding 4:          Persons with Access to Select Agents Did Not Possess Updated SRAs</p>	<p>Recommendation 10: Develop and implement policies and procedures for monitoring ROs to ensure the ROs are seeking timely renewals or terminations of individuals' SRAs.</p>	<p>APHIS does not concur with the recommendation. APHIS will analyze the discrepancies provided by OIG to determine the reasons for possible lapses in individual's SRAs. If needed, we will develop processes to address these lapses.</p>	<p>Implemented March 5, 2014</p>
<p>Finding 5:          Responsible Officials and Employees Lacked Required Biosafety and Security Training</p>	<p>Recommendation 11: Develop and conduct training for all ROs and alternate ROs that provides the information necessary to effectively oversee the select agent program. The session should provide a method of assessing that ROs and alternate ROs understood the training.</p>	<p>APHIS does not concur with this recommendation. The FSAP held workshops on RO duties and responsibilities on November 16, 2011; May 10, 2011; June 15, 2010; August 12, 2009; and December 9, 2008. We will hold another workshop for ROs on November 16, 2012. A training requirement for ROs and</p>	<p>Implemented March 5, 2014</p>

<p>Follow-up on APHIS' Implementation of the Select Agent or Toxin Regulations(33701-01-AT) Report Issuance Date: November 7, 2012</p>	<p>alternate ROs was included in the proposed rule published in December 2011, titled "Agricultural Biotechnology Protection Act of 2002; Biennial Review and Replication of the Select Agent and Toxin List; Amendments to the Select Agent and Toxin Regulations." The public comments we received did not support such a requirement. However, PSAP will develop a guidance document that describes RO responsibilities; this will be completed by December 3, 2012.</p>	<p>APHIS does not concur with this Recommendation. The current regulations in 9 CFR 121.15(c) and 7 CFR 331.15(c) already require that documentation of the training include the name of the attendee, a description of the training, date of the training, and the means used to verify that the employee understood the training. The 3-year records retention is also a requirement in 9 CFR 121.17(c) and 7 CFR 331.17(c). We will re-emphasize the training requirements in the RO guidance document that will</p>
	<p>Recommendation 12: Provide guidance to each RO re-emphasizing the requirement that biosafety and security training must be provided to and documented for all authorized individuals with access to select agents. The guidance should state that documentation of the training must include the name of the attendee, a description of the training, date of the training, and the means used to verify that the employee understood the training. The guidance</p>	<p>Implemented November 27, 2012</p>

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should also state that these records must be maintained for 3 years.

be finalized by December 3, 2012. (This guidance document is the same document mentioned in Recommendations 4 and 11.) These requirements will also be specified in the security guidance document that will be developed by December 3, 2012.

Note: The implementation of all OIG audits are reviewed by the Office of the Chief Financial Officer.

## Bovine Spongiform Encephalopathy (BSE)

Mr. Aderholt: What is the status of the activities associated with BSE, including the number of samples taken in fiscal years 2010 through 2014 as well as estimates for fiscal years 2015 and 2016? Please inform the Subcommittee of any recent policy changes with regard to this disease.

Response: The Food and Drug Administration's (FDA) 1997 ban on feeding mammalian protein to ruminants has been an effective means for mitigating bovine spongiform encephalopathy (BSE). Removing risk materials from cattle slaughtered for human consumption further mitigates the human health risk. Our surveillance effort is designed to detect one BSE case in one million adult cattle with 95 percent confidence. This goal far exceeds the standard required by the World Organisation for Animal Health (OIE). Our surveillance approach enables us to detect BSE at very low prevalence and assess any change in the BSE status of cattle. This approach includes testing samples from slaughter and livestock markets, farms, rendering facilities, and diagnostic laboratories. The testing at livestock markets is done on tissue removed from down or disabled cattle that are euthanized at these markets to remove them from live animal commerce. Our surveillance information enables us to facilitate trade and protect public health by verifying that certain diseases do not exist in the cattle population.

We tested 44,301 valid samples for BSE in FY 2010; 40,482 in FY 2011; 42,202 in FY 2012; 43,173 in FY 2013; and 41,291 in FY 2014. For FY 2015, we plan to collect approximately 40,000 samples. No new BSE cases have been reported in the United States since April 2012.

For FY 2016, we plan to modify our BSE surveillance efforts to reduce the overall cost while maintaining surveillance at levels that continue to exceed international standards. Under the modified surveillance program, the number of samples collected is not the main focus. Instead the modified surveillance program uses OIE's weighted surveillance points system and aligns with the international scientific consensus that the BSE surveillance programs should focus on obtaining quality samples from targeted subpopulations rather than sampling the entire adult cattle population. As a result, we will focus on achieving OIE surveillance points rather than testing a certain number of samples. OIE's approach ensures that countries sample populations where the disease is most likely to be found. We have been targeting these subpopulations since our BSE surveillance began in 1990, and we will continue to do so. OIE's system assigns the highest point values to samples from animals with classic clinical signs of BSE, while the lowest point values correspond to clinically normal animals tested at routine slaughter.

According to the OIE, in May 2013, the United States has a negligible risk status for transmitting BSE. To attain this level of status, countries must accumulate 150,000 points over a seven-year period (approximately 21,000 points per year). The United States averaged more than 1 million points per year from FY 2007 to FY 2013,

and achieved approximately 700,000 points in FY 2014. To achieve a *negligible* status, a country must demonstrate that it has taken appropriate risk management measures for a specified time period and must demonstrate that appropriate surveillance procedures are in place. In addition, the country must demonstrate that any BSE cases were imported and destroyed, or any indigenous cases must have occurred more than 11 years earlier and proper control and management actions have been taken since then. To retain this status, a country must annually provide information for the previous 12 months on surveillance results and feed controls, as well as any changes in the epidemiological situation or other significant events.

APHIS has conducted several analyses looking at how BSE surveillance could be reduced. Many of the samples we currently obtain are low point-value samples from renderers and 3D/4D salvage slaughter plant operators where good medical histories are often unavailable. We expect that most of the sampling reduction would occur in these lower point samples. If the only change we make is to these types of samples, we could reduce sample numbers and costs with a relatively minor impact (less than 50,000 points) on our point totals, keeping them well above the standard.

In FY 2014, we made a policy change in our surveillance program. We discontinued the collection of BSE samples from calves less than 12 months old unless they are part of an epidemiological investigation for a BSE case. We took this action because BSE has never been detected in animals this young.

APHIS continues to make progress in lifting restrictions on U.S. beef exports due to BSE concerns by applying international standards and encouraging others to do the same. In December 2013, soon after the OIE recognized the United States for its negligible risk for BSE, USDA updated its own BSE import regulations to align with OIE standards. Our commitment to international standards, combined with our BSE negligible risk status, have allowed us to urge our trading partners to adhere to international standards, thereby improving market access for U.S. beef exports. We have made it a priority to engage our trading partners who still have restrictions on U.S. beef that are inconsistent with our disease status. This approach has already yielded success. In FY 2014, eight countries, including Mexico, removed all BSE restrictions and granted access to U.S. beef and beef products. Our goal is to engage countries and eliminate all remaining BSE barriers to U.S. beef exports, which will contribute approximately \$235 million to the economy.

Mr. Aderholt: Canada confirmed a case of BSE earlier this month. The latest cow to test positive for BSE came from the same farm where a cow tested positive back in 2010. Other countries such as Taiwan, Korea, and Peru have placed restriction on imports of Canadian beef products because of concern over BSE. Has the United States been in contact with Canada regarding the latest detection? What measures do we have in place to protect the United States from an introduction of

BSE? Should the American public be concerned about eating beef and beef products from Canada?

Response: Canada agriculture officials informed us of their bovine spongiform encephalopathy (BSE) case as soon as they had a presumptive positive test result. They later provided us with more detail and notification when they confirmed the positive result. USDA has completed substantive evaluations of Canada's animal health systems, and we remain confident in the quality of their surveillance system and disease control measures. The World Organisation for Animal Health has also evaluated Canada's risk status related to BSE and deemed it as meeting internationally accepted standards for controlled risk. As a result, the American public should not be concerned about eating beef and beef products from Canada.

#### Homeland Security and Food Defense

Mr. Aderholt: Please describe the general activities and dollars for APHIS' involvement in the area of Homeland Security and/or food defense. What is the total requested for select agents?

Response: APHIS' FY 2016 budget request includes approximately \$354.5 million related to USDA's homeland security and food and agriculture defense efforts. Included in the total amount is \$261.9 million targeted at excluding and reducing potential threats entering our borders through the Agency's Agricultural Quarantine Inspection (AQI) program and analyzing data streams regarding agricultural imports. The AQI program encompasses various activities to address agricultural pest risks posed by international travel and trade. These activities include developing regulatory import policies to protect the health of U.S. agriculture and ecosystems; conducting off-shore risk reduction activities, such as foreign commodity preclearance programs for specific products; and, treating arriving containers and cargo, among others. The AQI program is funded by user fees and appropriations for certain activities.

Also included in the total amount is \$70.8 million related to protecting agriculture and food, and government facilities. Activities include gathering and analyzing plant and animal health information, including zoonotic disease information, and assessing potential agricultural threats. APHIS also ensures continued mission operations and protection for employees. Funding for these activities is provided for in the Physical and Operational Security line item. This amount also includes \$5.6 million for the select agents program, which is funded through the Emergency Preparedness and Response and Animal Health Technical Services line items.

Lastly, APHIS maintains a cadre of trained professionals prepared to respond immediately to animal and plant health emergencies. Personnel investigate reports of suspected exotic pests and diseases and take emergency action if necessary. APHIS also actively engages State, Tribal, and local governments, and industries to advance their emergency preparedness and response capabilities. FY

2016 funding for these activities is \$21.8 million of the total amount and can be found within the Veterinary Diagnostics, Emergency Preparedness and Response, and National Veterinary Stockpile line items.

#### Combatting Invasive Species

Mr. Aderholt: Please provide the Subcommittee with any new innovative methodologies used by APHIS to combat invasive species.

Response: APHIS uses a variety of approaches and tools to combat invasive species and continually works to refine and enhance its methods, while searching for methods that fit particular pest situations and meet the needs of farmers, including organic producers. APHIS also takes advantage of new technologies and works to build them into its programs. For example, APHIS is developing sophisticated, risk-based computer models to guide field activities and manage resources for its pest programs. APHIS also is working to identify biological indicators of pest prevalence internationally that could be used to trigger warnings, allowing APHIS to take action to prevent them from entering the United States.

APHIS and cooperators are currently working through the Multi-Agency Coordination (MAC) Group for Huanglongbing (HLB) to identify and develop ways to implement a variety of new and innovative tools to respond to this devastating citrus disease. In addition to projects using thermal therapy to treat HLB-infected trees and detector dogs to find newly infected trees, the MAC Group is funding projects to field test citrus rootstock that is resistant to HLB and projects that test the most effective combination of management techniques to keep orchards productive when faced with HLB. APHIS also uses biological control, or the use of natural enemies, to control a variety of insects and weeds. APHIS is currently expanding its biological control efforts for the Asian citrus psyllid, which vectors HLB. The MAC Group is funding field testing of a new biological control agent in California and continuing to increase production of the original biological control agent. To prevent the spread of HLB through citrus leaves used for culinary purposes, APHIS has developed a new systems approach using a leaf wash technique that provides an alternative to methyl bromide fumigation or irradiation.

To help eradicate the pale cyst nematode, which attacks potatoes and other crops in the same family, in Idaho, APHIS is testing a promising new tool, the use of a "trap crop". The program is planting a crop that is similar to potatoes, which will stimulate nematodes to hatch but will not allow them to reproduce.

APHIS also is using innovative methods to target invasive wildlife species, such as feral swine and rodents. In partnership with a company in New Zealand, APHIS is working to identify unique feral pig genes that could be used as targets for species-selective toxicant development. Such selectivity would reduce or eliminate non-target issues encountered with the broad spectrum toxicants currently

available. In addition, APHIS is developing methods to detect and identify animal and plant DNA consumed by invasive feral swine and found in their fecal samples. This will help APHIS understand the impacts of feral swine on plant and animal species (particularly endangered and threatened species). APHIS also is using fecal samples to identify individual feral swine and estimate feral swine population sizes and distributions. This approach allows the Agency to develop effective management plans for this invasive species. In partnership with two private rodenticide manufacturers, APHIS is developing and registering three rodenticide products that can be aerially applied to control and/or eradicate invasive rats and mice on islands and restore island ecosystems. Since receiving the U.S. Environmental Protection Agency approval for these APHIS products, U.S. conservation agencies have successfully achieved total eradication of rodents on at least six U.S. islands ranging in size from 18 acres to 6,600 acres in habitats as diverse as South Pacific tropical atolls to sub-arctic conditions in the Aleutian Islands.

Other ongoing uses of innovative methods include sterile insect technology, which involves the release of sterile insects that mate with their wild counterparts and interrupt normal reproduction, and the use of pheromones to disrupt pests' normal reproduction and population growth. Another innovative and environmentally friendly control tool is *Bacillus thuringiensis*, a toxin used in the boll weevil eradication effort and for a variety of moth pests, including gypsy moth.

APHIS will continue to look for and develop new and innovative control methods for its invasive species programs.

#### Overseas Offices

Mr. Aderholt: Please provide a list of overseas offices, the number of FTE, and the countries they service?

Response: The following table provides a list of all countries where APHIS has overseas offices and the number of FTEs in each office for FY 2014. APHIS generally has one office in each location. APHIS has more than one office in South Africa (two offices, one in Pretoria and one in Capetown) and Mexico (14 offices across the country) since they have substantial operational programs. Appropriations, user fees, reimbursable agreements, and trust funds fund these personnel, which includes American direct hires, locally employed staff, and employees funded by outside sources (e.g. trust funds and reimbursable agreements.)

[The information follows:]

APHIS OVERSEAS OFFICES  
FY 2014

Region	Countries Serviced	FY 2014 FTE
Africa	Senegal	3
	Egypt	4
	South Africa	4
Asia/Pacific	China	6
	India	3
	Japan	4
	Philippines	4
	South Korea	3
	Taiwan	2
	Thailand	3
Caribbean	Dominican Republic	3
	Haiti	13
	Jamaica	4
	Trinidad/ Tobago	1
Central America	Belize	1
	Costa Rica	4
	Guatemala	20
	Panama	20
Europe/Near East	Austria	1
	Belgium	5
	France	1
	Germany	1
	Italy	2
	Netherlands	2
North America	Mexico	103
South America	Argentina	4
	Bolivia	1
	Brazil	3
	Chile	16
	Colombia	4
	Ecuador	1
	Peru	2
	Uruguay	1
Total		249

Mr. Aderholt: How does APHIS make annual resource allocation decisions to overseas offices? Please note any consideration of performance measures associated with this decision making process.

Response: APHIS considers several factors when issuing resource allocations to overseas offices, which includes the amount of funding

necessary to cover basic salaries and operating expenses and the volume of priority activities in the geographic area. The top priority activities for overseas offices include opening and maintaining agricultural trade markets, facilitating the release of U.S. shipments held up in foreign ports, overseas collaboration with foreign governments on monitoring of animal and plant programs, and responding to potentially harmful invasive species and diseases to prevent their spread to the United States. The performance measures associated with trade include: (1) value of released shipments detained at foreign ports of entry; (2) value of agricultural export markets retained as a result of resolving sanitary and phytosanitary issues; (3) value of increase in U.S. agricultural exports as a result of new or expanded current markets; and, (4) number of capacity building and safeguarding activities.

Mr. Aderholt: What factors does APHIS consider for both new and continuing overseas activities? Please note any consideration of performance measures associated with this decision making process.

Response: APHIS considers factors such as how the overseas office supports APHIS' mission; the U.S. Government's international priorities, such as USDA's Feed the Future initiative, the State Department's Biosecurity Engagement Program, the Department of Defense's Cooperative Biological Engagement Program, and the African Growth and Opportunity Act; and logistical concerns such as safety and security. In recent years, APHIS has focused on the highest-priority activities and locations and reduced its presence in lower priority areas. For example, after years of close coordination and resource allocations to establish trade facilitation and safeguarding in Canada, Honduras, and Sao Paulo, Brazil, APHIS has closed these foreign offices. APHIS will continue to provide capacity building to these regions to enhance and maintain trade relationships, while shifting limited resources to existing foreign office locations. Doing this has enabled APHIS to continue to support its mission overseas, while ensuring the most efficient use of resources. APHIS monitors the progress of international efforts through several performance measures including: the number and value of released shipments detained at foreign port of entry; value of U.S. agricultural exports as a result of retention and expansion of current markets; number of new markets opened; and number of capacity building and safeguarding activities.

#### Information Systems

Mr. Aderholt: Please provide a table showing a complete breakout of the appropriated funds for information systems acquisition and the purpose of the acquisition for fiscal years 2010 through 2014 as well as estimates for fiscal years 2015 and 2016.

Response: The APHIS Information Technology Infrastructure program provides funding for the hardware, software (including licensing and supports costs) and telecommunications infrastructure that gives Agency employees office automation tools, Internet access

and access to mission-critical programs and administrative applications. The program supports the stable and secure information infrastructure for those mission-critical applications and the day-to-day business of APHIS. APHIS has been able to maintain the same level of infrastructure, at a reduced cost, due to the retirement of a server operating system, and the transition to a new email platform. A similar level of funding is anticipated in future years to maintain current levels of licensing and maintenance. The information is submitted for the record.

[The information follows:]

APHIS Information Technology Infrastructure  
Obligations By Purpose/Category  
FY 2010 - FY 2016  
(Dollars in Thousands)

Purpose	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 (Est.)	FY 2016 (Est.)
Hardware Acquisitions	\$293	\$338	\$681	\$243	0	0	0
Hardware Maintenance	1,706	1,785	231	308	\$540	\$571	\$550
Software Acquisitions	365	267	366	229	580	329	346
Software Maintenance	2,049	2,220	3,216	3,091	2,992	2,947	2,950
Cloud Computing	0	0	0	50	139	404	405
<b>Totals</b>	<b>\$4,413</b>	<b>\$4,610</b>	<b>\$4,494</b>	<b>\$3,921</b>	<b>\$4,251</b>	<b>\$4,251</b>	<b>\$4,251</b>

Regulatory Enforcement

Mr. Aderholt: How many animal and plant health regulatory enforcement violation cases are pending at the agency? How many cases did APHIS close or complete in fiscal years 2010 through 2015 to date?

Response: As of March 3, 2015, APHIS had 553 open investigations involving alleged violations of animal and plant health regulatory provisions, and 617 non-investigated reports of violation involving animal and plant health regulatory provisions. A non-investigated report of violation contains adequate evidence to support an enforcement action (generally an official warning or modest pre-litigation monetary penalty) without the need for a full investigation. The information is submitted for the record.

[The information follows:]

ANIMAL AND PLANT HEALTH REGULATORY ENFORCEMENT  
VIOLATION CASES

Category	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012**	Fiscal Year 2013	Fiscal Year 2014***	Fiscal Year 2015 (as of March 3, 2015)
Closed/Completed Cases*	5,491	5,676	4,186	4,519	2,743	673

\*APHIS may use multiple enforcement actions to close or complete a case.

\*\* In FY 2012, APHIS began improving business processes to expedite processing times for enforcement actions and significantly reduce the backlog of enforcement cases. As a result, APHIS focused enforcement actions on alleged violations that present the greatest risk to animal and plant health. This approach continues in FY 2015.

\*\*\* In March 2014, APHIS revised the Manual on Agriculture Clearance which governs Agriculture Quarantine Activities that the Department of Homeland Security, Customs and Border Protection (CBP) carries out on behalf of APHIS out at U.S. ports of entry. The revisions increased the number of days that CBP may attempt to collect civil penalties that it assesses in connection with lower risk, non-investigated reports of violation from 5 days to 20 days before referring it to APHIS for enforcement action. This revision resulted in roughly a 30 percent decrease in non-investigated case referrals/closures when comparing FY 2013 to FY 2014 figures, and roughly a 75 percent decrease in non-investigated case referrals/closures from FY 2014 to FY 2015 (through September 31, 2015) figures.

#### Training for Foreign Animal Disease

Mr. Aderholt: How many training courses were provided in fiscal year 2014 and planned for in fiscal year 2015 to increase foreign animal disease awareness, where were they conducted, what was the number in attendance, and what did they cost?

Response: The costs in the tables below consist entirely of appropriated funds, but they do not include the personnel costs associated with coordinating these training courses. They include costs for speaker travel and, in rare cases, participant travel. Training costs can vary significantly due to factors such as the delivery method, length of the course, cooperator contributions, participant travel, and the locations of the trainings. If APHIS resources are not available, the Agency works with outside sources to meet the needs of other countries. APHIS conducts additional training for foreign officials at the request of and with reimbursement from other entities. The information is submitted for the record.

[The information follows:]

#### FOREIGN ANIMAL DISEASE (FAD) TRAINING FY 2014

COURSE TITLE	LOCATION	NUMBER OF PARTICIPANTS	APHIS COST
Area Foreign Animal Disease Diagnostician (FADD) Response Training	Sacramento, CA	37	\$8,500
Area FADD Response Training - District 1	Albany, NY	30	\$3,500

COURSE TITLE	LOCATION	NUMBER OF PARTICIPANTS	APHIS COST
Area FADD Response Training - District 6	Albuquerque, NM	30	\$5,420
Veterinary Laboratory Diagnostic Training	FAD Diagnostic Laboratory (FADDL), Plum Island, NY	23	\$58,033
FADD Training Course for APHIS, State, and Military Veterinarians	FADDL, Plum Island, NY	27	\$27,588
FADD Training Course for APHIS, State, and Military Veterinarians	FADDL, Plum Island, NY	32	\$27,182
FAD Investigation Refresher Course	National Veterinary Services Laboratories (NVSL), Ames, Iowa, portions broadcast from the FADDL	16	\$4,816
FAD Investigation Refresher Course	NVSL, portions broadcast from the FADDL	18	\$6,516
Wildlife Seminar for Emergency Animal Disease Preparedness	University of Georgia, Athens, GA	26	\$935
Smith-Kilborne Program	Riverdale, MD, & FADDL	30	\$62,140
Workshop on epidemiology of avian influenza (AI) and other highly contagious diseases	Uruguay	1	\$5,300
Risk Assessment Training for Dominican Republic and Haiti Veterinary Services	Dominican Republic	13	\$3,000
Porcine Epidemic Diarrhea Virus diagnostic assistance	Ames, Iowa	1	\$2,000
Laboratory Assessment for Equipment	Togo	4	\$3,000
SPS Risk Assessment and Regulation	Ethiopia	28	\$200,000
Foot-and-Mouth Disease and Brucellosis Proficiency Testing ISO 17043	Thailand	33	\$30,000
Train the trainer workshop on Epidemiology Training - RANEMA FLU	Dominican Republic	15	\$27,000

COURSE TITLE	LOCATION	NUMBER OF PARTICIPANTS	APHIS COST
Practical tools for surveillance of wild birds' diseases threatening domestic birds and human health (e.g., AI, West Nile virus, Salmonella)	Senegal	15	\$28,000
Training on packaging and shipping laboratory specimens in compliance with International Air Transport Association (IATA) regulations	Dominican Republic	100	\$20,500
Regional Workshop on Molecular Diagnostics for AI & Newcastle disease	Brazil	32	\$107,000
Emergency preparedness for surveillance and control of potential outbreaks of AI	South Africa	15	\$27,000
National Poultry Improvement Plan (NPIP) Workshop for Gulf Cooperation Council (GCC) Countries & Yemen	United Arab Emirates	22	\$62,000
Emergency Poultry Disease Response Training (Univ. of Delaware)	Newark, DE	22	\$174,000
Sampling Procedures & Diagnostic Techniques of Priority Poultry Diseases	Burkina Faso	11	\$33,000
International Diagnostic Laboratory Network Training Course	Ames, IA	21	\$50,000
International Transboundary Animal Disease Course	FADDL, Plum Island, NY	24	\$50,000

\*An Interagency Agreement is in place with the Department of Defense to send attendees to FADD courses sponsored by USDA/APHIS. The total of this agreement reduced or will reduce the cost of each FADD course by \$40,000. Two of these courses are provided each year.

FAD TRAINING  
PLANNED FY 2015

COURSE TITLE	LOCATION	NUMBER OF PARTICIPANTS	APHIS COST
Area FADD Response Training - District 5	Bozeman, MT	31	\$7,919
Veterinary Laboratory Diagnostic Training	FADDL, Plum Island, NY	27	\$51,834
VS ALL Webinar/ Emergency Management Webinar: VS Training and Exercise Plan FY 15 - 17 Overview	Webinar	179	\$0
FADD Training Course for APHIS, State, and Military Veterinarians	FADDL, Plum Island, NY	30	\$36,073
FADD Training Course for APHIS, State, and Military Veterinarians	FADDL, Plum Island, NY	35	\$39,759
FAD Investigation Refresher Course	NVSL, portions broadcast from the FADDL	20	\$4,821
FAD Investigation Refresher Course	NVSL, portions broadcast from the FADDL	25	\$10,000
Area FADD Response Training (District 2)	Athens, GA	14	\$4,931
Emergency Preparedness and Response Webinar - FAD PreP Site	Webinar	160	\$0
Emergency Preparedness and Response Webinar - AI Update	Webinar	150	\$0
Wildlife Seminar for Emergency Animal Disease Preparedness	University of Georgia, Athens, GA	30	\$1,150
Smith-Kilborne Program	Riverdale, MD, & FADDL, Plum Island, NY	30	\$98,453
Area FADD Response Training (District 3)	Owatonna, MN	40	\$10,600
University of Tennessee Foreign Animal and Emerging Diseases	University of Tennessee, Knoxville, TN	30	\$15,000
Live Bird Market System Continuing Education Training	Starkville, MS	30	\$36,950
Emergency Poultry Response	University of Delaware	15	\$171,000

COURSE TITLE	LOCATION	NUMBER OF PARTICIPANTS	APHIS COST
Incident Command Training for Transboundary Diseases	San Pedro Sula, Honduras	20	\$15,000
NPIP	Algiers, Algeria	30	\$69,000
Diagnostic laboratory techniques	San Salvador, Salvador	15	\$10,000
International Transboundary Animal Disease Training	Panama City, Panama	30	\$62,000
Laboratory Quality Management System workshop (IS)	Bangkok, Thailand	25	\$35,000
Laboratory training on avian diseases	El Salvador, Salvador	12	\$10,000
Good Emergency Practices for Infectious Diseases	Pretoria, South Africa	20	\$26,500
Good Emergency Practices for Infectious Diseases	Cotonou, Benin	20	\$27,000
Wildlife Surveillance	Banjul, the Gambia	25	\$33,000
Swine coronavirus diseases workshop	Bangkok, Thailand	15	\$21,400
Regional Workshop on Molecular Diagnosis of AI	Santiago, Chile	30	\$90,000
Field Necropsy Techniques & Specimen Collection for Avian Diseases	Pretoria, South Africa	25	\$31,000
Sampling & diagnostic Procedures for Avian Diseases, including Exotic Newcastle Disease	Accra, Ghana	20	\$33,000

\*An Interagency Agreement is in place with the Department of Defense to send attendees to FADD courses sponsored by USDA/APHIS. The total of this agreement reduced or will reduce the cost of each FADD course by \$30,000. Two of these courses are provided each year.

Overall Performance Management at the Grain Inspection, Packers and Stockyards Administration (GIPSA)

Mr. Aderholt: Please provide the Subcommittee with a few particular performance measures over the past year that show the agency's overall progress.

Response: While GIPSA does not have performance measures that show the Agency's overall progress, it does track and report on two measures which show the progress of the Packers and Stockyards Program (PSP) and the Grain Regulatory Program (GRP).

GIPSA measures the overall performance of PSP by annually measuring the regulated entities' compliance with the Packers and Stockyards Act (P&S Act). The performance measure encompasses activities PSP conducts that directly or indirectly influence industry compliance. In FY 2014, GIPSA realized an 84 percent level of industry compliance. In FY 2015, GIPSA anticipates an 83 percent level of industry compliance.

For the overall performance of the GRP, GIPSA annually measures the percent of market-identified quality attributes needed for trading for which GIPSA has provided standardization. GIPSA addresses market needs by ensuring the market relevance and value of the official standards and procedures for grains, and by developing new tests that measure market-relevant grain quality attributes. In FY 2014, GIPSA was able to provide standardization for 95.4 percent of market identified attributes. In FY 2015, GIPSA anticipates providing standardization for 97 percent of market-identified attributes.

Mr. Aderholt: Please describe the latest performance results within the Packers and Stockyards area of responsibility.

Response: P&SP measures its overall performance by annually measuring the regulated entities' compliance with the P&S Act. The performance measure encompasses activities P&SP conducts that directly or indirectly influence industry compliance. P&SP's overall performance rate is a composite index of five program-wide audit and inspection activities based on a scientifically-drawn random sample of subject entities. In 2014 the index included: 1) the financial components of the poultry contract compliance; 2) financial reviews of custodial accounts; 3) financial reviews of prompt payments of a random sample of firms; 4) inspection of scales and weighing practices at markets, dealers, and live poultry dealers, and 5) inspection of all carcass evaluation devices and carcass evaluation practices for packing plants purchasing more than 1,000 head per year. In FY 2014, GIPSA realized an 84 percent level of industry compliance, exceeding its goal of 81 percent industry compliance.

Mr. Aderholt: Please describe the latest performance results in the area of grain inspection and weighing.

Response: In 2014, GIPSA had a record year with 3.3 million official grain inspections. The table below shows a comparison of inspections for FY 2013 and FY 2014. The numbers are in million metric tons (Mmt) and includes grains for which GIPSA maintains official standards: barley, canola, corn, flaxseed, oats, rye, sorghum,

soybeans, sunflower seed, triticale, wheat, and mixed grain. The information is provided for the record.

[The information follows:]

Item	FY 2013	FY 2014
Quantity of Standardized Grain Officially Inspected (Million metric tons; Mmt)		
Domestic	144.4	171.9
Export by FGIS	57.8	82.6
by Delegated States	19.4	26.1
by Designated Agencies	8.7	17.3
Total	230.3	297.9

#### Livestock Marketing Rule

Mr. Aderholt: What steps is GIPSA taking to carry out the language in Section 731 of the fiscal year 2015 Omnibus?

Response: General Provision 731 prohibits the Agency from using funds to write, prepare, or publish a final rule or interim final rule in furtherance of, or otherwise to implement certain proposed regulations unless the combined annual cost to the economy of such rules does not exceed \$100 million. Further, General Provision 731 specifically references proposed regulations consisting of: three definitions; a provision regarding applicability of the regulations to enforce the Packers and Stockyards Act; a provision describing unfair, unjustly discriminatory and deceptive practices or devices; a provision describing undue or unreasonable preferences or advantages; undue or unreasonable prejudice or disadvantages; a provision regarding livestock and poultry contracts; and a provision regarding tournament systems. GIPSA is not expending any funds on the specific proposed rules referenced in General Provision 731 other than those that were published on December 9, 2011 (76 F. Reg. 76874) and were not otherwise restricted. General Provision 731 further prohibits the Agency from using funds to implement or enforce sections 201.2(o), 201.3(a), and 201.215(a) of title 9 of the Code of Federal Regulations and directed the Agency to rescind those sections within 60 days of enactment of the Consolidated and Further Continuing Appropriations Act, 2015. The Act became Public Law 113-235 on December 16, 2014. The Agency rescinded the regulations effective February 5, 2015. (80 F. Reg. 6430).

#### U.S. Exports

Mr. Aderholt: Please provide a description of GIPSA's involvement with biotechnology and U.S. exports.

Previously GIPSA provided information that the agency would be implementing a Quantitative Genetically-Engineered (GE) Rapid Test Kit Program in fiscal year 2015. Please provide an update on this program.

Response: To respond to emerging technology, GIPSA is evaluating the feasibility of implementing a Quantitative GE Rapid Test Kit Program in FY 2015. Currently, DNA-based testing is recognized as the industry gold standard to detect and quantify GE traits. However, DNA-based testing is costly and time consuming. Therefore, rapid quantitative protein-based test kits have been developed for the detection of GE traits in grains.

GIPSA is evaluating the precision and accuracy of this new technology to determine if these test kits are capable of providing reliable results that can be verified through GIPSA's performance evaluation and certification program.

Mr. Aderholt: Please describe GIPSA's overall involvement in the facilitation of U.S. trade and how the agency works with other parts of USDA or other parts of the federal government to assist with U.S. exports.

Response: GIPSA provides the U.S. grain industry with an efficient, reliable, and accurate inspection system. Through a unique network of Federal, State, and private official service providers, the Federal Grain Inspection Service provides the grain industry with an independent third party quality assessment through the establishment and uniform application of the U.S. Grain Standards, using uniform sampling and testing procedures, as well as approved equipment.

GIPSA further facilitates trade by providing technical assistance and training in the U.S. and abroad to importers, traders, end-users, and other government officials to gain a better understanding of the U.S. grain marketing system, grain standards, and inspection methods and procedures. These activities include representing USDA at grain marketing and grain grading seminars, meeting with foreign governments and grain industry representatives to resolve grain quality and weight discrepancies, helping other countries develop domestic grain and commodity standards and marketing infrastructures, assisting importers with quality specifications, and training local inspectors in U.S. inspection methods and procedures. These activities foster a better understanding of the entire U.S. grain marketing system and serve to enhance purchasers' confidence in U.S. grain.

#### Grain Inspection at the Ports

Mr. Aderholt: Federal inspectors are statutorily required to carry out grain shipment inspections in absence of State inspectors. Last summer, Federal inspectors did not conduct inspections as expected at the Port of Vancouver when Washington State grain inspectors failed to conduct the inspections. After a great deal of delay, the situation

was resolved and the State inspectors resumed their duties. In order to expand trade opportunities, it is vital our trading partners know we are a reliable source of goods. This is a situation where USDA can directly assist with export opportunities. Worker safety is important, but the delay on behalf of USDA appeared unnecessarily long. Given what happened last year, should all export inspections be conducted by Federal inspectors?

Response: USDA believes the current grain inspection system performs at a high level and supports U.S. agriculture interests. USDA does not recommend any changes in the current manner that export inspections are provided.

Mr. Aderholt: If third parties at export facilities continue to be utilized, is there any reason why these facilities should not have the option to choose other inspection agencies that have been approved by GIPSA if they are not satisfied with the service they are getting?

Response: Typically there are two types of inspections in the official inspection system: ships and other (rail, trucks, etc.). It takes extraordinary skill to perform ship inspections at export locations. GIPSA invests at least two years to fully train an Agricultural Commodity Grader. Not only do the graders need the technical training, they also need to be efficient at the Uniform Shipment and Combined Lot Inspection Plan, commonly known as the CuSum loading plan. Without direct supervision or training, they may not be able to interpret load order standards, set up a CuSum log, properly take subsample and component samples, nor apply tolerances to a shipment. Furthermore, stowage examinations on ships are different from those of railcars or barges. There are three states that are currently authorized to provide ship inspections at export facilities. Domestic inspection agencies cover the other category of inspections. Allowing domestic inspection agencies to inspect export grain would require several weeks to several months to fully train domestic inspectors on export shipment inspections. Domestic inspectors also may not be aware of the safety hazards of working on the waterfront.

Allowing multiple inspection agencies in one territory would allow elevators to "grade shop" or choose which elevator grades more in favor of the house. Having one inspection agency in a territory helps uphold the integrity of the United States Grain Standards Act (USGSA).

Mr. Aderholt: Were there any lessons learned from the incident last summer? If so, what changes are planned and under what timeline?

Response: GIPSA has recently put in place a protocol that, in the event of a disruption, the GIPSA Safety Manager conducts a safety and security assessment. The GIPSA Safety Manager will: examine the site's current security plan and proposed heightened security plan; assess ingress and egress at the site under normal, heightened, and emergency conditions; ensure facilities meet FGIS laboratory requirements including hazardous material management and hazardous waste management

plans; determine the need for any additional security measures; assess security concerns including routes to and from the affected site; notify USDA Office of Homeland Security for assistance, if necessary; identify the location of replacement employees; establish a line of communication with federal, state, and local law enforcement agencies; and monitor the site and adjust the security plan as necessary. The security plan will assure the safety of USDA employees and also identify possible resources that are available to reduce the impact of the disruption.

#### Grain Regulatory Program

Mr. Aderholt: GIPSA is seeking an increase of \$489,000 for the Grain Regulatory Program to purchase necessary capital equipment. How will this increase combine with funding provided in previous fiscal years to provide GIPSA with the equipment necessary to conduct tests on U.S. grains for export? How will such new equipment improve performance or quality of U.S. grains?

Response: This funding will be used for new on-site export grain inspection laboratories coming online in FY 2016, as well as enhance the modernization and networking of existing laboratories. GIPSA is mandated to conduct on-site inspection and weighing, so when a new export grain facility is constructed, the facility must provide GIPSA appropriate laboratory space to conduct the inspections. GIPSA must then outfit the on-site lab with necessary grain inspection equipment to conduct the inspections according to official U.S. standards.

In addition to new labs, GIPSA continues to explore new processes and technology to provide customers with information about the quality of all the grains and commodities tested within the national inspection system. Additional funds will be used for the information technology support and equipment needed to ensure the seamless flow and capture of data within the national inspection system. Currently, individual test results are determined via analytical instruments or electronic scales; the new equipment, including barcode scanners, printers and computers, will capture information on the individual test results, who performed the test, equipment used on sample, as well as time and location of analysis. These enhancements will ensure that the results reported on FGIS certificates for all commodities and grain tested are more accurate and the results (e.g. certificates) are available to customers in a more expeditious manner.

Improvement in the performance or quality of grain, whether exported or domestically consumed, is achieved through plant breeding and germ plasm development programs operated by public universities and private companies. The equipment that would be purchased for the Grain Regulatory Program would not be directly targeted at improving the performance or quality of U.S. grains, however, it will be used to better and more efficiently describe the quality of U.S. grains.

The purpose of this equipment is to satisfy a long-standing (more than thirty years) request of international customers of US grain to

provide information on the performance characteristics of the grain the customer is receiving. For example, GIPSA can tell the buyer what the protein content of a wheat cargo is but nothing about the baking performance of the wheat, which is at least as important as the protein content. The grain merchandising companies inform the university and private breeding programs about quality improvement concerns which ultimately results in improved varieties. Thus this equipment indirectly improves the performance and quality of U.S. grain.

Having the capability to measure intrinsic grain quality characteristics during export inspection leads the customer to articulate better purchase specifications, which then causes the exporter to enhance the segregation of grain by quality. International customers recognize that more segregation comes at an increased cost, but most are willing to pay more to get the grain quality they desire, which may result in a premium for producers.

#### Spending on Information Technology

Mr. Aderholt: How much does GIPSA plan to spend on IT purchases in fiscal years 2015 and 2016? How much did the Agency spend on IT purchases in fiscal years 2013 and 2014?

Response: GIPSA plans to spend about \$837,000 in fiscal year 2015 and about \$854,000 in fiscal year 2016. In fiscal year 2013, GIPSA spent approximately \$376,000 and about \$821,000 in fiscal year 2014. In fiscal year 2014, GIPSA changed how it reported IT expenditures and added inter-agency IT costs as well as IT purchases made by field office.

#### Regulatory Enforcement

Mr. Aderholt: Were there any violation cases pending at the end of fiscal year 2014? What is the status of those violation cases to date in fiscal year 2015? What is the nature of these cases?

Response: At the close of fiscal year 2014, GIPSA's Federal Grain Inspection Service (FGIS) had 18 Pending Investigations, which are ongoing. Of the 18 pending cases, 9 cases were for USGSA/AMA violations, and 9 cases were for Employee Misconduct.

GIPSA's Packers and Stockyards Program (P&SP) had 197 cases open that were referred to headquarters from the field. As of March 3, 2015, P&SP had closed 54 of those cases. Of the 54 cases closed, 14 resulted in a civil penalty, 3 involved a suspension and civil penalty, 21 were settled by stipulation, and the remaining 16 were closed without sanction or adverse action.

Mr. Aderholt: How many violation report calls did you receive in fiscal years 2013 and 2014? How many were investigated? What is the nature of violations reported?

Response: In fiscal year 2013, FGIS received 12 reported violations and conducted 12 investigations. Six cases were USGSA/AMA related, and 6 cases were Employee Misconduct. In fiscal year 2014, GIPSA received 11 reported violations and conducted 8 investigations, the remaining three were inquires. Four of the cases were USGSA/AMA and 4 cases were Employee Misconduct. Of the 3 Inquires, 2 were Employee Misconduct and 1 was USGSA/AMA.

GIPSA's P&SP does not segregate investigations by the source. Overall, in fiscal year 2013, GIPSA was informed of 2,481 instances of alleged violations through calls, its own audits, inspections, and market monitoring. All of these allegations were opened as investigative cases. In the livestock industries, 24 were allegations of competition violations, 1,278 were allegations of financial violations, and 1,083 were allegations of trade practice violations. In the poultry industry, P&SP opened 96 investigations - 1 allegation of competition violation, 14 allegations of financial violations, and 81 allegations of trade practice violations.

By comparison, in fiscal year 2014, GIPSA was informed of 1,919 instances of alleged violations through calls, its own audits, inspections, and market monitoring. All of these allegations were opened as investigative cases. In the livestock industries, 21 were allegations of competition violations, 897 were allegations of financial violations, and 925 were allegations of trade practice violations. In the poultry industry, P&SP opened 76 investigations - 6 allegations of financial violations and 70 allegations of trade practice violations.

#### Poultry Compliance Complaints

Mr. Aderholt: Please provide the Subcommittee with a table showing the number of poultry compliance complaints received in fiscal years 2009 through 2014 and the number of related investigations.

Response: GIPSA investigates all complaints received throughout the year, but as explained in response to the previous question, P&SP does not segregate investigations by the source. The information is provided for the record.

[The information follows:]

Poultry Complaints and Investigations,  
2009-2014

Fiscal Year	Number of Complaints and Other Sources	Number of Investigations
2009	84	84
2010	108	108
2011	116	116
2012	124	124
2013	96	96
2014	76	76

Mr. Aderholt: What was the nature of the poultry complaints received in the most recent year? In fiscal year 2013, "Scales", "Contract Poultry Arrangements" and Unfair/Deceptive Practices" had the most complaints. Please provide a definition or examples of these two categories.

Response: All poultry complaints led to an investigation; however, few investigations led to further enforcement. Of the various types of investigations, only those involving payment practices (failure to pay, failure to pay when due) or violations of the poultry trust can be enforced through an administrative complaint and hearing. All other violations, including the most frequent complaints about poultry contract compliance and poultry grower termination, can only be enforced by the Department of Justice in Federal court. Several Federal courts, in private litigation, have held that violations of the Packers and Stockyards Act (P&S Act) require proof of harm to competition or the potential of harm to competition. As a result, GIPSA has not been able to adequately address potential violations of the P&S Act brought by poultry growers who allege unfair treatment, when the injury does not directly harm competition. Complaints regarding scales may relate to disputes regarding accurate measurement of feed provided by the live poultry dealer or timely and accurate weighing of the birds. Complaints of unfair or deceptive practices typically arise from the manner in which the live poultry dealer implements the tournament system. The information on poultry investigations is provided for the record.

[The information follows:]

Nature of Poultry Investigations, 2014	Number
Contract Poultry Arrangements	10
Failure to Pay	2
Feed Checkweighing	7
Grower Termination	6
Payment Practices	2
Poultry Checkweighing	1
Poultry Compliance	11
Poultry Trust	1
Registration/Jurisdiction	4
Scales	20
Unfair/Deceptive Practices	10
Weighing Practices	2
Total	76

Mr. Aderholt: How many investigations were done in the most recent year?

Response: In fiscal year 2014, P&SP opened 1,919 investigations, of which 1,898 were alleged violations for financial or trade practice behaviors. During the fiscal year, P&SP closed 1,668 cases without referring them to the Office of the General Counsel (OGC). Another 77 cases were resolved that had been referred to OGC, including 7 that had been referred further to the Department of Justice.

The numbers above refer to the investigations opened and investigations closed during the fiscal year. In any given year, some investigations will carryover from the previous year.

Mr. Aderholt: Please provide a table showing dealer/order buyer financial failures to include fiscal years 2010 through 2015 to date. Please provide an assessment of the data.

Response: The information is provided for the record. The table shows the number of bond claims opened during the fiscal year. During 2014 through March 3, 2015, only 3 livestock dealers failed, and the total amount owed as a result of those failure was less than \$20,000, most of which was recovered. The total owed to producers was highest and the recovery rate was lowest for claims in 2011, which included the Eastern Livestock failure.

[The information follows:]

Fiscal Year	Number	Amount Owed (\$)	Restitution			Recovery (%)
			Bonds (\$)	Other (\$)	Total (\$)	
2010	7	\$215,021	\$57,025	0	\$57,025	27
2011	10	21,844,097	1,172,621	\$821,291	1,993,992	9
2012	6	1,100,677	95,000	42,921	137,941	13
2013	7	3,227,513	328,810	1,761,321	2,090,131	65
2014	2	15,315	10,315	2,000	12,315	80
2015*	1	4,510	4,510	0	4,510	100

\* Data as of March 3, 2015.

#### Market Concentration and Competition

Mr. Aderholt: Please provide a table showing firm concentration ratio for steer and heifer slaughter, sheep and lamb slaughter, and hog slaughter to include data for 2010 through 2014.

Response: The information for steer and heifer slaughter, sheep and lamb slaughter, and hog slaughter is provided for the record.

[The information follows:]

Four-firm Concentration in Livestock Slaughter by Type of Livestock, 2010-2014 (Data source: NASS)

Year	Steers & Heifers (%)	Sheep & Lambs (%)	Hogs (%)
2010	85	65	65
2011	84	59	64
2012	81	56	66
2013	85	60	64
2014	83	58	62

Mr. Aderholt: Please update the table that appears in last year's hearing record showing the number of slaughtering and processing packers subject to the Packers and Stockyards Act since fiscal year 2008.

Response: The information on number of slaughtering packers is provided for the record.

[The information follows:]

Number of Slaughterers Subject to the Packers and  
Stockyards Act, 2008-2014

Year	Bonded Slaughter	Non-bonded Slaughter
	Firms	Plants*
2008	281	471
2009	284	488
2010	233	495
2011	258	509
2012	287	537
2013	289	535
2014	295	543

\* The number of non-bonded slaughter plants is estimated as the number of Federally Inspected (FI) slaughter plants minus the number operated by reporting packers (those that purchase at least \$500,000 of livestock per year). The number includes slaughtering plants that also process meat. The estimate excludes non-FI plants. Approximately 40 state-inspected plants voluntarily obtain bonds.

Non-slaughtering packers that do not purchase livestock are not subject to the payment provisions of the P&S Act or GIPSA's payment regulations. GIPSA does not require annual reports or collect data from this sector of the industry. GIPSA may investigate this sector, as necessary.

Mr. Aderholt: Please provide a table showing the amount of funds spent on competition, fair trade practices, and financial protection for fiscal years 2008 through the projected level for fiscal year 2015.

Response: GIPSA currently does not track funding at this level. However, the agency can provide the number of competition, fair trade practices, and financial protection regulatory and investigative activities. This data may understate or overstate the effort expended in any given category. The information is provided for the record.

[The information follows:]

Number of Regulatory and Investigative Activities by Category, 2008-2015

Fiscal Year	Regulatory			Investigative		
	Competitio n	Trade Practic e	Financia l	Competitio n	Trade Practic e	Financia l
2008*				15	612	640
2009	62	908	1052	17	287	755
2010	44	802	1680	33	615	1206
2011	45	843	1302	23	1008	1022
2012	56	1136	996	20	1336	1232
2013	59	948	1200	14	1100	1221
2014	10	955	917	20	872	857
2015**	14	523	408	13	352	446

\*GIPSA did not differentiate competition, trade practice, and financial regulatory activities for 2008.

\*\*Data as of March 3, 2015.

Mr. Aderholt: Please provide a table showing the number of auction market failures, the amount owed for livestock each year, and the amount recovered from bonds and other sources during each year from fiscal years 2008 through 2014. Provide the Subcommittee with an explanation of any changes in recovery rates.

Response: GIPSA received claims against bonds for one auction market in 2014. Although sellers received only 6 percent of the amount owed, the total amount owed was modest. During the period 2008 to 2014, there were three years with more than 5 failures and with claims that exceeded \$600,000. In two of those years, the recovery rate was less than 30 percent, but in 2008, the recovery rate was 98 percent. 2012 was an exceptionally high loss year with the highest dollar value of claims and the worst recovery rate of the seven-year period. 2010 was the second highest loss year. P&SP audits markets to assure compliance with the P&S Act and regulations and to uncover potential financial stress. Early intervention helps to assure that producers are paid in full for the livestock they consign to auction markets. P&SP strives to identify potential problems before financial difficulties lead to failure.

The information is provided for the record.

[The information follows:]

Number of Auction Markets with Bond Claims and Restitution, 2008-2014						
Year	Number Opened	Amount Owed	Restitution			Recovery (%)
			Bonds (\$)	Other (\$)	Total (\$)	
2008	6	\$602,100	\$237,734	\$352,111	\$589,845	98
2009	7	981,189	261,498	1,365	262,863	27
2010	5	20,901	4,547	0	4,547	22
2011	2	75,119	22,162	1,356	23,518	31
2012	7	1,186,586	107,953	94,899	202,852	17
2013	0					
2014	1	12,181	706	0	706	6

Mr. Aderholt: Please provide a table showing what percentage of the livestock that is slaughtered annually comes from captive supplies and/or forward contracts to include the most recent fiscal year data available.

Response: The information is provided for the record.

[The information follows:]

Percent of Purchases by Type of Procurement Method, Fed Cattle, Hogs, and  
Lambs, Firms Reporting to the Agricultural Marketing Service, 2008-2014

Method	2008	2009	2010	2011	2012	2013	2014
<u>Fed Cattle</u>							
Packer Owned	4.4	4.7	5.0	5.3	5.9	5.5	5.0
Forward Contract	10.8	8.4	10.6	12.1	10.9	9.7	13.8
Formula	34.4	36.5	39.3	43.2	49.2	55.4	53.0
Negotiated	50.5	50.4	45.1	39.4	34.0	29.4	28.2
<u>Hogs</u>							
Packer Sold	6.2	5.8	5.6	4.7	4.3	4.0	4.2
Packer Owned	24.4	25.2	26.7	27.8	28.0	29.2	28.5
Swine Mkt Formula	37.6	43.5	38.7	38.4	40.4	41.6	40.9
Other	23.3	18.6	23.9	25.1	23.7	21.9	23.6
<u>Arrangements</u>							
Negotiated	8.5	6.8	5.2	4.4	3.6	3.3	2.8
<u>Lambs</u>							
Packer Owned	20.0	18.1	24.2	36.6	24.8	23.6	38.6
Formula	66.7	69.4	58.0	39.3	55.6	53.1	32.6
Negotiated	13.3	12.4	17.8	24.0	19.6	23.3	28.8

Market Audits

Mr. Aderholt: Please provide a table showing the number of market audits conducted on custodial accounts, the number of markets with shortages, the total dollars involved, and the amount restored from fiscal years 2008 to 2014.

Response: The amount of custodial account shortages identified through custodial account audits is equal to the amount restored. A market is required to bring its custodial account into compliance following an audit that uncovers a shortage. The information is provided for the record.

[The information follows:]

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 Number of Market Audits and Shortages Corrected, 2008-2014
 

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Fiscal Year	Custodial Account Audits	Number of Markets with Shortages	Amount Restored
2008	176	62	\$5,022,966
2009	383	181	2,581,725
2010	297	79	3,402,608
2011	318	96	2,861,471
2012	331	105	5,960,677
2013	423	158	3,364,543
2014	342	98	3,846,844

## Limitation on Inspection and Weighing Services

Mr. Aderholt: What was the carryover for the Limitation on Inspection and Weighing Services Expenses account into fiscal year 2015 and what is the estimated carryover into fiscal year 2016?

Response: The carryover for the Limitation on Inspection and Weighing Services Expenses account into fiscal year 2015 was \$17.847 million. The estimated carryover into fiscal year 2016 is \$18.5 million.

## QUESTIONS SUBMITTED BY CONGRESSMAN KEVIN YODER

## WTO Decision

Mr. Yoder: Mr. Avalos, last year I asked you what would happen if the "final rule" that was published by the Agency did not put us in compliance with the WTO. You stated that we would have to address it as the situation unfolded and could not provide likely scenarios because you were "confident we [were] going to be in compliance." The WTO is expected to issue its decision on the COOL appeal sometime this spring. In addition, Secretary Vilsack stated last week before this committee, if the U.S. loses the appeal, it will be up to Congress to fix the statute.

Do you have a more definitive timeframe when we will receive the WTO's decision so that Congress may have appropriate time to respond to "fix the statute" as Secretary Vilsack suggested?

Response: The WTO appellate body is expected to issue its decision by May 18, 2015.

Mr. Yoder: If the U.S. loses, as many observers expect, what is the timeframe before Canada and Mexico can institute retaliatory tariffs against a broad array of U.S. products?

Response: The WTO appellate body is expected to issue its decision by May 18, 2015. Should the Appellate Body find that some aspect of the COOL requirements remains inconsistent with the WTO, one option for Canada and Mexico would be to seek authorization from the WTO to suspend trade concessions granted to the United States. Canada and Mexico have each indicated that they will seek such authorization. The United States would then be able to refer any such request to a WTO arbitrator to determine the level of any such suspension of trade concessions. After the WTO arbitrator has issued its decision, Canada and Mexico would each then be able to seek final authorization from the WTO to impose trade sanctions, which could include imposing potentially prohibitive tariffs on various U.S. exports (including agricultural exports.) We anticipate this process would take 4-6 months from the time that Canada and/or Mexico initially seeks authorization to suspend concessions.

## COOL

Mr. Yoder: Language contained in the FY15 omnibus appropriations bill directed USDA to work with the U.S. Trade Representative and submit to this Committee a report with your recommendations for changes to Federal law that would be required to establish COOL for beef, pork, and poultry that is in compliance with our trade obligations. As Chairman Aderholt reminded Sec. Vilsack last week and you today, that report is due on May 1<sup>st</sup>. As you were unable to provide much of an assurance that this deadline will be met, and \$2 Billion in trade fines

has the potential to affect a lot of consumers, constituents, and the economy in general.

How is your Agency prepared to deal with the potential consequences if the WTO disagrees?

Response: USDA stands ready to work with Congress and USTR to resolve this trade dispute.

#### Trade

Mr. Yoder: The 2014 Farm Bill provided for the establishment of an "Under Secretary of Trade." Given with how important trade is to this administration, Kansans, and the country as a whole, as well as the recent fiasco on the West Coast Ports.

How does your Agency plan to revamp programs so that Trade becomes more of a priority?

Response: The Department has engaged the National Academy of Public Administration to develop a report on the potential creation of an Under Secretary for Trade and Foreign Agricultural Affairs. USDA anticipates that when this report is completed this fall, it may identify opportunities for enhancing the Department's trade-related activities. Upon completion of the report, the Department will examine the associated findings to identify potential areas for improving trade in the delivery of USDA programs and services to the country as a whole.

#### APHIS Penalty Guidelines

Mr. Yoder: Mr. Shea, in most instances, fine schedules are made public, for example with traffic infractions, because the public has a right to know. In that same regard, the general public has a right to know how government agencies, like USDA's Animal and Plant Health Inspection Service (APHIS), calculate fines. As I understand it, some in the regulated community were denied the opportunity to see this information by FOIA and even members of both the House and Senate, myself included, were denied. This information should not be considered part of the deliberative process and should be made public.

Could you describe the table of penalty guidelines disclosed in APHIS' press release of May 2010 and tell me its effectiveness both in encouraging compliance and discouraging bad actors?

Response: The table of penalty guidelines establishes an equitable method of determining penalties using the four statutory factors identified in the Animal Welfare Act (AWA): the size of the business, history of previous violations, demonstrating good faith, and the gravity of the violations.

The guidelines also provide detailed instructions for analyzing the statutory factors in relation to the evidence in the investigative file, while the worksheet establishes ranges for penalties for each of the statutory factors, with the exception of the "good faith factor" which involves a balancing test. The guidelines define "good faith" as "compliance with standards of decency and honesty" and "sincere integrity in profession and performance." Criteria that constitute good faith include complying with the AWA and correcting violations, having animals that are in good health and do not suffer as a result of the violations, and cooperating with APHIS. Unlike the other factors which rely upon penalty ranges, with limited exception, APHIS uses a balancing test to weigh the totality of the evidence in the investigative file to determine whether a person should be awarded a reduction in the penalty based on good faith.

The guidelines do identify criteria of conduct that would preclude a finding of good faith, such as a person (1) from whom APHIS may seek to confiscate animals based on the failure to relieve animal suffering, (2) who intimidates, deceives, threatens, interferes with, or abuses APHIS officials in the course of carrying out their duties under the AWA, (3) who affirmatively refuses to allow APHIS to conduct animal welfare inspections or refuses to provide AWA-related documentation and information to Investigative and Enforcement Services, (4) who receives a prior enforcement action (such as a pre-litigation monetary stipulation or decision and order) or violates cease and desist order issued in connection with an AWA decision and order.

In addition, under the "history of previous violations" factor, the guidelines calculate stronger penalties against persons with a prior enforcement action. By doing so, the guidelines promote progressive penalty assessments and focus APHIS' enforcement recourses on persons who demonstrate a pattern of violations and an unwillingness to come into compliance. When a violation is grave (resulting in or likely to result in animal death), and the alleged violator has not shown good faith, has a prior history of violations, and operates a large business, APHIS's penalty guidelines provide for the assessment of a civil penalty at or near the statutory maximum penalty of \$10,000. However, a bulk of AWA violations that occur do not fall in a category that warrants the assessment of a penalty at or near the statutory maximum, demonstrating that the guidelines and worksheet are helpful and effective in levying penalties commensurate with the violation. These cases may involve first time alleged violators who operate small businesses and commit non-grave violations and/or demonstrate good faith. In such cases, and consistent with the statutory factors outlined in the AWA, imposing the maximum penalty would be neither fair nor appropriate.

Mr. Yoder: Could you also explain why the table is considered part of the deliberative process when its intended purpose is to calculate the fine's dollar amount after a violation has been decided?

Response: The table of penalty guidelines serves as a foundation for penalty assessments. APHIS takes into account four factors outlined by the Animal Welfare Act (AWA) for assessing penalties: the size of the business, the gravity of the violation(s), whether or not the regulated entity has shown good faith, and the history of previous violations. Although we understand the interest in reviewing the AWA penalty guidelines and penalty worksheet themselves, USDA has not provided these documents in their entirety to the regulated community or others because the guidelines contain Agency procedures and techniques for enforcing the AWA and assessing penalties. Releasing these guidelines and the penalty worksheet could lead to circumvention of the AWA. Potential violators may use the worksheet to decide whether it is economically efficient to comply with the AWA or simply pay the penalty for a violation. For example, one may continue business as usual if they have the ability to handle the cost of violations, especially if the cost of implementing the requirements to achieve compliance is greater.

## QUESTIONS SUBMITTED BY CONGRESSMAN THOMAS J. ROONEY

## Mexfly

Mr. Rooney: The President's FY 16 budget request states that under the goal of enhancing mitigation capabilities, APHIS provides technical assistance and develops new mitigation tools and strategies to address plant pest outbreaks. In FY 14, APHIS spent \$17.6 million on 73 projects in this goal area.

How many of these projects addressed Mexfly exclusion and eradication?

Response: The projects referenced in the question are specific to those funded by section 10007 of the 2014 Farm Bill, Plant Pest and Disease Management and Disaster Prevention Programs. In 2014, there were two Farm Bill projects for Mexfly exclusion and eradication, totaling \$1.854 million. There is a separate appropriated line item that specifically includes fruit fly activities.

Mr. Rooney: What was the total funding level allocated to Mexfly?

Response: Aside from the Farm Bill funding mentioned above, APHIS funds ongoing activities to detect and respond to exotic fruit flies, including Mexfly, from the Specialty Crop Pests line item. In FY 2014, APHIS spent \$56.175 million on fruit fly activities, with \$11.6 million of this amount going towards Mexfly eradication and prevention activities. APHIS plans to use \$59 million from the Specialty Crop Pests line item in FY 2015 for fruit fly activities overall and anticipates spending a similar amount on Mexfly as in FY 2014.

Mr. Rooney: PPQ requires 200 million sterile fly releases per week in order to manage Mexfly populations in citrus producing states like Florida, California and Texas. As a result of constant problems and lack of production capacity at the Texas facility this goal is never achieved. Mexfly populations have significantly increased in Mexico within the last year, meaning it is imperative that USDA take immediate action to reduce the threat of Mexfly.

How many sterile flies are currently being released on a weekly basis? How many more are needed to address increased Mexfly populations?

Response: On average, APHIS is currently releasing approximately 100 million sterile Mexflies per week produced by the Texas facility. In addition, APHIS brings in approximately 70 million sterile Mexflies per week from the facility in Guatemala to supplement the Texas program. Based upon the technical review APHIS has conducted of the needs of the fruit fly program in the Lower Rio Grande Valley, the

Agency believes it needs a total of 400 million sterile Mexflies, which is 200 million more than it currently produces. APHIS recognizes that the demand for sterile insects in the Lower Rio Grande Valley is unable to be met by the existing sterile insect facility in Texas. Accordingly, the Agency is preparing a report to evaluate how best to meet those needs and what resources may be required.

Mr. Rooney: How have lapses in sterile fly production impacted the effectiveness of the Emergence Release Facility (ERFs) located in Florida?

Response: As part of APHIS' ongoing efforts to prevent the introduction of Mediterranean fruit fly (Medfly) into the United States, APHIS releases sterile Medflies in vulnerable areas of Florida and California. The sterile Medflies are produced in Guatemala at a facility managed by the Moscamed Commission, which includes Guatemala and Mexico. The sterile pupae are shipped to rearing facilities in Florida and California. There is no shortage of sterile Medflies. Florida and California are at less risk of Mexican fruit fly (Mexfly) introductions than Medfly because APHIS and cooperators in Texas have contained Mexfly to the Lower Rio Grande Valley. Eradication efforts continue in Texas to eliminate the risk that it would spread to other areas with suitable climates, such as Florida.

Mr. Rooney: In order to limit the economic damage caused by Mexfly, PPQ has successfully contained, controlled, eradicated pest populations and lifted federal quarantines within the span of one growing season. However, on January 23, 2014, the Texas Department of Agriculture filed an emergency quarantine that has since been extended through January 2015.

What steps has APHIS taken to address this quarantine?

Response: To prevent the spread of Mexfly to non-infested areas of the United States, APHIS and the Texas Department of Agriculture established a Mexfly regulated area that restricted the interstate movement of regulated articles in the quarantine area. APHIS has activated its emergency response protocols for fruit fly that include mobilizing Agency personnel to the Brownsville area and concentrating sterile fly resources there. The emergency response also includes intensive trapping and the use of chemical treatments. APHIS and the Texas Department of Agriculture are implementing additional strategies that could potentially include "new attract and kill" stations and targeted insecticidal ground sprays.

Mr. Rooney: What steps have you taken to prevent the spread of Mexfly into Florida and California?

Response: To prevent the spread of Mexfly to non-infested areas of the United States, APHIS and the Texas Department of Agriculture established a Mexfly regulated area that restricted the interstate

movement of regulated articles in the quarantine area. APHIS and cooperators in Florida, California, as well as Puerto Rico, also maintain an extensive trapping network to detect introductions of any exotic fruit flies, including Mexfly. On an annual basis, APHIS and cooperators maintain 150,000 fruit fly traps in these areas.

Mr. Rooney: How does APHIS intend to improve Mexfly management and eradication efforts?

Response: APHIS will continue eradication efforts until full eradication is achieved. The Mexfly Technical Team, which includes APHIS and its international partners, is closely evaluating the outbreak and making recommendations to enhance detection and control. APHIS also is working to establish systems in Mexico to reduce the influx of the Mexfly population from Mexico into the United States, and is conducting a risk analysis to understand the epidemiology of the outbreak in order to respond more effectively.

#### Transportation of Fruits and Vegetables

Mr. Rooney: I understand that APHIS has proposed a rule to establish a performance standard for authorizing the importation and interstate movement of fruits and vegetables. This looks like it is a significant modification of the current process for reviewing import petitions by foreign governments, since it eliminates certain economic analysis requirements and also eliminates interagency review.

How does APHIS plan on maintaining the embedded rights of due process under this modified proposal?

Response: In September 2014, APHIS proposed a rule to streamline the approval of fruit and vegetable imports into the United States and the interstate movement from Hawaii and the U.S. territories. Reducing the regulatory burdens associated with our import approval process will give us more leverage with trading partners when negotiating more streamlined approvals for U.S. exports and access to new markets, to the benefit of U.S. producers. By putting in place a process that will allow us to be more responsive to our trading partners' requests, we expect to obtain quicker and more immediate access for U.S. commodities into their markets.

Under the proposed rule, instead of codifying region- and commodity-specific requirements in the Code of Federal Regulations, APHIS would use a streamlined noticed-based process. However, USDA would continue to use the same rigorous, science-based pest risk evaluations it does now when it reviews import requests. Further, the public would still be able to provide comments on the Agency's proposal at two separate times: for 30 days when APHIS publishes the draft pest risk assessment, and for 60 days when APHIS publishes the notice. APHIS, as it does under the existing process, would not take final actions before considering and responding to the public's comments. APHIS also would ensure that the Office of Management and Budget and

other interested Federal agencies receive advanced notice of APHIS' actions and have the opportunity to provide input. In addition, APHIS would continue to analyze the economic effects of a potential pest introduction as part of the pest risk analysis process.

In developing the proposed rule, APHIS actively solicited feedback from the public and reached out to explain the need for the rule; APHIS twice extended the comment period to allow stakeholders more time to provide comments and held a webinar with interested stakeholders to address their questions. APHIS is currently reviewing the comments and input it has received - including comments expressing some of the same concerns in your question - and will address them and incorporate them, as appropriate, when publishing a final rule.

Although the 2014 proposed rule only addresses fruits and vegetables, it is not the only instance of APHIS using this type of approach. A 2007 rule established a notice-based process for certain fruits and vegetables that do not have region- or commodity-specific phytosanitary import requirements, such as irradiated or fumigated fruit. There are other instances of APHIS using this notice-based approach. This includes notices that recognize the animal health disease status of certain countries; notices to prohibit entry of certain articles under the plants-for-planting regulations; and notices that quickly add or remove acceptable treatments for imported commodities. APHIS will continue to look for opportunities to streamline its regulations to provide more flexibility and adaptability, especially where the regulations lay out clear performance-based standards.

Mr. Rooney: Why does this modification only address fruits and vegetables, rather than the full scope of import petitions for which APHIS is responsible?

Response: Although the 2014 proposed rule only addresses fruits and vegetables, it is not the only instance of APHIS using this type of approach. A 2007 rule established a notice-based process for certain fruits and vegetables that do not have region- or commodity-specific phytosanitary import requirements, such as irradiated or fumigated fruit. There are other instances of APHIS using this notice-based approach. This includes notices that recognize the animal health disease status of certain countries; notices to prohibit entry of certain articles under the plants-for-planting regulations; and notices that quickly add or remove acceptable treatments for imported commodities. APHIS will continue to look for opportunities to streamline its regulations to provide more flexibility and adaptability, especially where the regulations lay out clear performance-based standards.

#### Specialty Crop Money Movement

Mr. Rooney: Your budget requests an overall decrease to the Specialty Crop Pest program, including a reduction of \$7.9 million to

the Citrus Health Response Program (CHRP). I understand USDA's ultimate goal is to move towards a 50/50 cost share, and the President's budget request ultimately reduces the Federal cost-share rate from 94 percent to 78 percent.

Based on the assumption that states are willing to increase their contributions to the program, the FY16 proposal isn't intended to be a reduction in CHRP resources. Has USDA conducted any sort of analysis or state outreach to determine whether or not state and local entities are willing or able to increase their share of contributions?

Response: USDA has not done an analysis of States' ability to increase contributions, and we realize that many States have faced budget deficits in recent years. However, the overall economic situation in the United States is improving. Since citrus pests and diseases have a direct impact on State and local conditions, and since States and localities are beneficiaries of USDA's Citrus Health Response Program, we are attempting to better balance the Federal portion of the costs of cooperative pest and disease programs that protect national, local, and industry interests. Proposing to adjust cost-share rates in advance of the budget year through the budget process, gives cooperators time to build appropriate funding levels into their own budgets. The Department's budget represents our determination to find the correct balance in these responsibilities.

Mr. Rooney: In the event that states are unable to increase cost-share, how will this impact CHRP at the national level and can you provide any specifics on how funding cuts would impact my home state of Florida?

Response: If States cannot increase their contributions, a variety of activities including surveys for Asian citrus psyllid (ACP) and packinghouse inspections of citrus fruit would be reduced. Nationally, there would be fewer surveys for the ACP and other citrus diseases. In Florida, packing house inspections that address citrus canker and huanglongbing would also be reduced. APHIS would work with its State and industry partners to determine how to reduce activities to minimize the impact on citrus growers.

#### HLB MAC efforts

Mr. Rooney: The currently enacted omnibus includes report language directing APHIS/CHRP to allocate whatever resources necessary to support the HLB MAC efforts. However, it's my understanding that in spite of this there is only one full time employee designated to managing the MAC.

Has USDA allocated any additional resources? If no, what additional authority do you need to help the MAC succeed? If yes, can you provide a breakdown, more specifics.

Response: USDA is making every effort to ensure that the Huanglongbing (HLB) Multi-Agency Coordination (MAC) initiative will succeed in identifying and supporting the most promising, effective, and practical tools to help citrus growers deal with this devastating disease. APHIS and its partners are devoting significant staff resources to this effort. While there is only one full-time employee charged to the HLB MAC appropriation, numerous employees have been involved in developing and managing the process for soliciting and evaluating project ideas and managing the cooperative agreements for funded projects. APHIS has allocated funds for 26 projects thus far, ranging from field scale thermal therapy to treat HLB-infected trees to detector dogs to find newly infected trees so they can be removed or treated to scaling up biological control efforts to suppress the Asian citrus psyllid. New projects getting underway include accelerated field testing of HLB-tolerant rootstock and enhancing biological control efforts with a new biological control agent. USDA will continue this intensive effort and has started to issue a second round of cooperative agreements for successful projects that began in FY 2014.

## QUESTIONS SUBMITTED BY CONGRESSWOMAN ROSA DeLAURO

Ms. DeLauro: Would you explain the testing regime for beef and poultry products purchased by the Agricultural Marketing Service for the various nutrition programs that USDA administers?

Response: All beef and poultry procured by AMS must be produced at an FSIS-inspected establishment. In addition, AMS purchase specifications require approximately every 2,000 pounds of boneless beef trim and every 10,000 pounds of ground beef to be tested for the presence of microorganisms. All beef is tested for standard plate count organisms, generic *Escherichia coli*, and coliforms as indicators of process control. Any beef found to contain these microorganisms at levels exceeding AMS-defined critical limits is rejected for purchase.

In addition, the testing results are used to monitor a vendor's process control, based on which a vendor may be declared ineligible to produce for AMS. Beef that is intended to be delivered raw is also tested for *Salmonella* and for *E. coli* O26, O45, O103, O111, O121, O145, and O157, with any beef testing positive rejected for purchase by AMS. Cooked diced chicken is sampled and tested for the pathogens *Salmonella* and *Listeria monocytogenes*, and for the following indicator microorganisms: standard plate count organisms, total coliforms, generic *E. coli*, and *Staphylococcus aureus*. Any lot of product found to contain pathogens or found to exceed any indicator microorganism critical limit is rejected for purchase by AMS. A detailed description of the AMS microbiological purchase specification program, including sampling methodology and sampling results, is available at: <http://www.ams.usda.gov/resources/microbiological-testing>.

Ms. DeLauro: Are there performance standards used by the agency for the various pathogens for which it tests? If so, what are they?

Response: The Boneless Beef and Frozen Ground Beef Programs are based on a Quality Control Program emphasizing performance standards and evaluating Process Capability in meeting microbiological requirements. The calculations used to measure Process Capability are described in Appendix A of the document here: <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5108350>.

Ms. DeLauro: How are vendors held accountable for those standards? What is the policy for AMS to drop a vendor?

Response: Vendors begin in a Process Assessment Status and if microbiological requirements are not met they go to Conditional Status. The next 20 consecutive lots for microbiological results are reviewed, and if requirements are not met they go to Ineligible Status where they are no longer eligible to participate in AMS Programs. To regain Eligible Status, corrective and preventative actions must be submitted

and approved by AMS. A Corrective Action audit is then conducted by AMS. If the Vendor passes the audit, the Vendor reenters the Program under Conditional Status.

#### TPP and Farm-to-School

Ms. DeLauro: As you know, the U.S. is currently involved in two major trade negotiations - the Trans Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP). One of the concerns expressed by some agricultural groups is that current "Farm-to-school" arrangements could be challenged by our trading partners because they could be viewed as non-tariff trade barriers.

Do you believe this be true and if not, why not?

Response: In trade agreements like TPP and TTIP, purchases by government agencies are addressed through government procurement commitments. The United States has always excluded its agriculture programs for human feeding, including for school lunches, from its government procurement commitments in trade agreements, and I do not anticipate that changing in TPP and TTIP.

#### Salmonella Detection for Nutrition Programs

Ms. DeLauro: Would you describe the policy that you have instituted on the removal of lymph nodes from cattle before meat is processed for the nutrition programs USDA administers?

Response: The Agricultural Marketing Service (AMS) policy that vendors remove major lymph nodes (prefemoral, popliteal, and prescapular) from all beef offered for sale for Federal nutrition assistance programs was instituted nearly 40 years ago. The driving force behind the policy was one of product quality, with the rationale that beef without lymph nodes offered a better value to the government and a better eating experience for the consumer. Over time, however, advances in scientific research increasingly indicated that cattle lymph nodes harbor pathogenic bacteria, in particular *Salmonella*. As such, the policy has evolved to be one primarily rooted in food safety. Recognizing the critical role lymph node removal may play in decreasing pathogen load, AMS rigorously enforces, primarily through written technical proposals and on-site audits, the policy. Full details of the policy are found in section 323.6.1 of the Federal Purchase Program Specification for Coarse Ground Beef Items, available via the AMS web site:

<http://www.ams.usda.gov/sites/default/files/media/Supplement%20211%20Ground%20Beef%20FINAL%2003-30-15%285-26-15%29.pdf>.

Ms. DeLauro: What have been the microbiological testing results for salmonella since you instituted this policy?

Response: AMS instituted the requirement to remove major lymph nodes approximately 40 years ago. AMS began microbiological testing approximately 10 years ago. Historically, about 0.4% of the boneless beef samples and about 0.7% of the ground beef samples tested by AMS are positive for Salmonella. All beef that tests positive for Salmonella is rejected for purchase by AMS and must be diverted from Federal Nutrition Assistance Programs. All AMS microbiological testing data, including those for Salmonella in beef, are available via the AMS web site: <http://www.ams.usda.gov/resources/microbiological-testing>.

#### Egg Safety

Ms. DeLauro: Would you describe the new relationship you have with FDA in coordinating food safety activities in egg facilities as a result of the 2010 DeCoster egg recall?

Response: In March 2011, AMS and FDA entered into a Memorandum of Understanding (MOU) to facilitate the sharing of information between AMS and FDA. AMS agreed to notify FDA of those facilities not appearing to conform to agricultural best practices that relate to food safety or to FDA's current Good Manufacturing Practice regulations. If apparent food safety violations are observed by AMS personnel during grading, inspection, or auditing functions, the alleged violations are documented and forwarded to FDA. FDA and AMS have provided training to field staff to equip graders, inspectors, and auditors with the necessary knowledge to be able detect and report food safety lapses observed during normal activities.

Also as a result of the 2010 DeCoster egg recall, AMS introduced several food safety measures at the processing plant level to reduce or prevent the possibility of eggs bearing the USDA grademark, contaminated with Salmonella Enteritidis (SE), from entering consumer channels. As a condition of service, users of the grading service must agree to notify AMS whenever eggs offered for grading have tested positive for SE, are from a layer house tested positive for SE, or have been subject to a recall.

#### Antibiotic Resistance

Ms. DeLauro: Please explain APHIS' role in providing oversight of high-containment laboratories. Does APHIS have the sole authority to provide oversight over high containment laboratories across the federal government?

Response: The *Antiterrorism and Effective Death Penalty Act of 1996* established Federal licensing, registration, safety, and reporting requirements regarding the transfer of human disease-causing pathogens and toxins within the United States. This Act directed the U.S.

Department of Health and Human Services (HHS) to establish a list of biological agents and toxins that could threaten public health and safety, procedures governing the transfer of those "select agents", and safety requirements for entities (including high-containment laboratories) that work with them. HHS delegated the authority to implement sections of the Act to the Centers for Disease Control and Prevention (CDC).

In 2001, Congress significantly strengthened oversight authority of select agents through the Patriot Act, which restricted access to select agents, and the 2002 Bioterrorism Response Act, which increased oversight authority by regulating the possession and use of select agents. In addition, the Agricultural Bioterrorism Protection Act of 2002 strengthened the regulatory authorities of HHS/CDC, and granted comparable regulatory authorities to the USDA over select agents that pose a severe threat to animal and plant health or products. APHIS established the Agricultural Select Agent Services to exercise this authority.

APHIS and CDC work as partners to provide regulatory oversight of Federal and non-Federal entities throughout the United States which possess, use, or transfer select agents and toxins. This partnership is commonly referred to as the Federal Select Agent Program. APHIS and CDC also partner with the Federal Bureau of Investigation/Criminal Justice Investigation Services within the Department of Justice. Select agents or toxins can be regulated as HHS only (if they affect only humans), APHIS only (if they affect either animal or plants), or Overlap Agents (if they affect both animals and humans). The Department of Transportation regulates the packaging and movement of select agents and toxins. In addition, the Department of Homeland Security, Department of Defense, Environmental Protection Agency, and the Veterans Administration perform additional oversight activities at laboratories where they fund research or own and operate laboratory research facilities.

APHIS has a long history of regulating animal and plant pathogens for movement into the United States or interstate movement within the United States via permits. This regulatory activity also involves inspections of research facilities to ensure appropriate bio containment prior to the issuance of permits.

Ms. DeLauro: How frequently does APHIS inspect such facilities? Do you need additional resources to perform this function?

Response: We inspect High Containment Laboratories that are registered with us and possess, use, or transfer select agents which have the potential to harm animal and plant health or animal and plant products. We inspect these laboratories when they initially apply for registration, then every three years after that for renewal. We also conduct inspections whenever a registration is amended, as well as unannounced compliance inspections every 12-18 months. We may conduct additional inspections related to compliance issues. We currently have

sufficient resources to perform these functions.

Ms. DeLauro: There were several high-profile incidents last year involving samples of avian influenza, anthrax, and small pox being improperly stored in CDC and NIH laboratories that could have endangered the employees working at those agencies. What did APHIS find in its investigation of these incidents?

Response: APHIS did investigate the avian influenza and anthrax incidents, but the small pox incident was investigated by the Centers for Disease Control and Prevention (CDC).

On July 9, 2014, the Federal Select Agent Program received notice of a possible release of highly pathogenic avian influenza (HPAI) resulting from contamination of stocks of low pathogenic avian influenza (LPAI) serum. On March 12, 2014, CDC had shipped a vial of this stock from their Roybal Campus in Atlanta, Georgia to the USDA Agricultural Research Service, Southeast Poultry Research Laboratory in Athens, Georgia. Our investigation revealed shortcomings in security, biosafety, records, and incident response. In the security area, we found a delay in reporting the potential release of HPAI, and all of the potentially contaminated materials and animals were not tracked and secured to maintain security of the inventory. In the biosafety area, we found poor communication among the scientists working with the contaminated samples, improper operating protocols in working with HPAI and LPAI in the same laboratory, and insufficient documentation on laboratory procedures performed. In addition, no records on the decontamination of potentially exposed areas were available, and no records were maintained on the destruction of contaminated material. Regarding incident response, we found that no clear lines of communication were established or understood in reporting the incident. In addition, personnel did not inform CDC management of the incident in a timely manner, and did not follow the Incident Response Plan in reporting the incident to the Responsible Official.

Our investigation of the anthrax incident revealed shortcomings primarily in the areas of training, biosafety, incident response, and occupational health. We found inadequate agent-specific training, inadequate training of personnel in performing the inactivation protocol, and inadequate training of personnel regarding the appropriate decontamination of potentially contaminated areas. In the biosafety area, we found improper inactivation protocol used, inadequate oversight, and an inconsistent use of personal protective equipment in unregistered laboratories. Regarding incident response, we found no consistent decontamination plan, a lack of communication on and knowledge about appropriate decontamination methods, and a failure to identify all contaminated areas in a timely manner and appropriately securing these areas. In addition, we found that the occupational health program was inadequately prepared to respond to potential exposure of a large number of individuals. Further, we found that inconsistent communication was provided to CDC employees on actions to take in the event of potential exposure and on the risks of exposure.

Ms. DeLauro: The APHIS proposed budget calls for an increase of \$10 million to study the impact of antibiotic resistance. Tells us specifically what on-farm surveillance activities does APHIS plan to conduct with this additional funding.

Response: APHIS continues to refine plans for collecting antimicrobial use and resistance data on farms. In this regard, we have been engaging the broad stakeholder community to determine what information is readily available and where data gaps exist. We will use the information gathered, along with available science, to inform, design, and implement studies that are effective in gathering relevant data and remain consistent with the USDA Antimicrobial Resistance action plan.

#### Canada Mad Cow

Ms. DeLauro: In light of a second BSE case coming from the same farm in Canada, is there any concern that Canada is not enforcing its ruminant-to-ruminant feed ban?

Response: No, APHIS has completed substantive evaluations of Canada's animal health systems and we remain confident in the quality of their surveillance system and disease control measures. The World Organisation for Animal Health has also evaluated Canada's risk status related to bovine spongiform encephalopathy and deemed it as meeting internationally accepted standards for controlled risk. Therefore, we are confident that Canada is enforcing its ruminant-to-ruminant feed ban.

#### Puppy Mills

Ms. DeLauro: I am really glad that USDA is finally starting to address the puppy mill problem by implementing the retail pet store rule and the puppy import rule. Can you tell us the progress you've made in licensing Internet sellers and ensuring that puppies are not entering the country from foreign puppy mills for resale?

Response: In 2013 APHIS published the retail pet store rule that protects the health and welfare of pets sold sight unseen over the Internet and via phone-and mail-based businesses. Since the final rule became effective, APHIS has received 243 applications for entities requesting a USDA license. After careful review, the Agency has issued 182 new retail pet store licenses.

In addition, in 2014, APHIS published the importation of live dogs rule that requires dogs imported into the United States for resale, research, or veterinary treatment be accompanied with an import permit. With limited exceptions these dogs should be healthy, vaccinated, and over six months of age. APHIS is collaborating with the Centers for Disease Control and Prevention and U.S. Customs and Border Protection to screen import permits at the port of entry. APHIS

has issued import permits for 34 dogs. APHIS will continue outreach to breeders, industry organization, and the public regarding the implementation of these two rules.

#### Animal Welfare Act Penalties

Ms. DeLauro: In 2008, Congress enacted a provision in the Farm Bill that increased maximum penalties under the Animal Welfare Act from \$2,500 to \$10,000 in an effort to address a 2005 OIG audit, which found that penalties for violating the AWA were often considered a normal cost of doing business instead of a deterrent to future violations. It was our intent that APHIS would use its new authority to make penalties meaningful. It was alarming to learn that an OIG audit released in December 2014 found that things have actually worsened, citing that APHIS reduced penalties by 86% from the authorized maximum, on average.

What will APHIS be doing to address this and ensure that Congress' intent for meaningful penalties is implemented?

Response: APHIS has issued strong penalties under the Animal Welfare Act (AWA) at or near the maximum penalty in appropriate circumstances. APHIS considers the statutory factors that Congress identified for consideration when assessing penalties in the AWA, including the size of a person's business, the gravity of the violation, the person's good faith efforts, and the history of prior violations.

A bulk of AWA violations that occurred did not fall in a category that warrants the assessment of a penalty at or near the statutory maximum. In such cases, and consistent with the statutory factors outlined in the AWA, imposing the maximum penalty would be neither fair nor appropriate.

The downward trend in the average civil penalties issued in connection with AWA stipulations presented by the OIG is somewhat misleading as the OIG relied solely on penalty figures that it developed using its adjusted worksheet rather than the APHIS worksheet in comparison to the actual penalty amounts issued for the violations. For example, OIG adjusted the worksheet so that it was based on a maximum penalty of \$10,000, not the maximum penalty in place at the time of the alleged violation (which would have been \$2,500 or \$3,750 for violations that occurred before the statutory increase). The OIG audit does not include a comparison of the civil penalties issued using the actual worksheet in effect during the 2010 audit and the worksheet in place during the current audit, after the statutory increase became effective.

APHIS is currently reviewing the penalty guidelines and worksheets. As part of the review, the Agency will determine whether to adjust the reductions offered when determining penalties under the AWA and to address the other issues raised by OIG.

## QUESTIONS SUBMITTED BY CONGRESSWOMAN CHELLIE PINGREE

## GMO Approvals and Superweeds

Ms. Pingree: Administrator Shea, your testimony boasts that the time it takes for APHIS to approve biotech seeds has gone down dramatically. For those of us concerned that the environmental impacts of GMOs, particularly those crops genetically engineered to be herbicide-resistant like RoundUp Ready corn and soy, this is not a good thing.

Weeds that can't be controlled by herbicides, called "superweeds", have created a nightmare scenario for farmers who are at risk of losing their livelihoods. According to the New York Times (article here: <http://www.nytimes.com/2014/08/12/us/invader-storms-rural-america-shrugging-off-herbicides.html>), in barely a decade, the palmer amaranth "has devastated Southern cotton farms and is poised to wreak havoc in the Midwest". It is "the most notorious of a growing number of weeds that are immune to the gold standard of herbicides, glyphosate" (better known as RoundUp). Dousing crops in RoundUp, the article continues, has a price. "Weeds with glyphosate-resisting genetic mutations appeared faster and more often - 16 types of weed so far in the US . . . infesting enough acreage of American farmland to cover a plot nearly as big as Oregon".

As Washington State scientist explains, "The advent of herbicide-tolerant crops made it possible for farmers to load up so much herbicide on one crop that it was inevitable that it would develop resistance". The palmer amaranth can grow 2 inches a day and many farmers are finding that nothing other than chopping down weeds by hand can stop it, though with a stalk 6 inches in diameter, even that risks damaging farm equipment.

Monsanto's Xtend soy and cotton seeds have been developed to help farmers facing glyphosate-resistant weeds by breeding resistance to dicamba and glufosinate, in addition to glyphosate. This will do nothing but ramp up the cycle of weeds becoming resistant to chemical controls. APHIS has already approved these varieties. These herbicide-resistant GMO approvals encourage the injudicious use of herbicides, and are putting American farmers on a treadmill of ever-more complex superweeds that cannot be reversed. The proliferation of herbicide-resistant crop combos simply repeats the history that made palmer amaranths resistant to glyphosate.

Just as antibiotic resistance eliminates tools for controlling bacterial infections, the agricultural community risks losing tools for effective weed control when used indiscriminately. The solution is not another herbicide matched with another herbicide-resistant GMO seed. There are proven alternatives, like planting cover crops to keep light from reaching germinating weeds. I urge you to take this seriously.

I'm pleased that USDA is starting to take aggressive action against antibiotic resistance - but what about the herbicide-resistant

superweeds that are proliferating and devastating farms? Is APHIS concerned about superweeds that have bred resistance to existing herbicides?

Response: APHIS is actively participating in the large USDA-wide initiative to help with weed control in major crops. APHIS and USDA understand that when herbicides are repeatedly used to control weeds, this creates an opportunity for selection pressure to create weeds that are difficult to control. The weeds that survive herbicide treatment can multiply and spread. On October 15, 2014, Secretary Vilsack announced several steps that USDA is taking to address the increase of herbicide resistant weeds in U.S. agricultural systems. These steps are intended to encourage producers to adopt diverse tactics for weed management in addition to herbicide control.

At the USDA level, the Office of Pest Management Policy is partnering with the Weed Science Society of America to develop education and outreach materials on how to best manage herbicide-resistant weeds. At the agency level, the Natural Resource Conservation Service (NRCS) will offer financial assistance under its Environmental Quality Incentives Program for herbicide resistant weed control practices that utilize integrated pest management plans and practices. NRCS will also be soliciting proposals under the Conservation Innovation Grants program for innovative conservation systems that address herbicide resistant weeds. APHIS' role in this effort is to promote the use of best management practices during genetically engineered field trials, especially for testing and development trials of herbicide resistant crops. APHIS recently launched recommendations on the Agency's website for best management practices.

These steps are intended to support and augment steps the Environmental Protection Agency (EPA) is taking to address the very same issues; EPA's authority uniquely positions them to require registrants to develop stewardship programs for specific herbicides, develop training and education on proper use of the product that includes diversifying weed management, investigate and report nonperformance, and develop and implement a remediation plan for suspected herbicide resistant weeds. EPA intends to require the same stewardship plans for all new applications for product registration on genetically modified crops with the goal being to encourage effective resistance management while maintaining needed flexibility for growers.

Ms. Pingree: I understand that APHIS' role in approving biotech traits is limited to determining whether there is a "plant pest risk" involved. Is the proliferation of a superweed considered a plant pest risk?

Response: No, the proliferation of a superweed is not considered a plant pest risk. The Secretary of Agriculture is authorized to oversee risks to plant health from both plant pests and noxious weeds via the Plant Protection Act of 2000. The Plant Protection Act defines plant pest. APHIS biotechnology regulations described in 7 CFR 340

adopt this definition of plant pest to include "any living stage of insects, mites, nematodes, slugs, snails, protozoa, or other invertebrate animals, bacteria, fungi, other parasitic plants or reproductive parts thereof; viruses; or any organisms similar to or allied with any of the foregoing; or any infectious agents or substances, which can directly injure or cause disease or damage in or to any plants or parts thereof, or any processed, manufactured, or other products of plants." The biotechnology regulations regulate the introduction of organisms altered through genetic engineering which are plant pests or which there is reason to believe are plant pests. Currently, the 7 CFR 340 regulations do not include language about the potential risks to plant health from noxious weeds. Further, the ruling from the 2012 RoundUp Ready alfalfa case confirmed that APHIS' regulatory authority extends only to potential plant pest risks associated with genetically engineered crops.

WEDNESDAY, MARCH 4, 2015.

## FOOD AND DRUG ADMINISTRATION

### WITNESSES

**DR. MARGARET HAMBURG, COMMISSIONER, FOOD AND DRUG ADMINISTRATION**

**JAY TYLER, CHIEF FINANCIAL OFFICER, FOOD AND DRUG ADMINISTRATION**

**NORRIS COCHRAN, DIRECTOR, OFFICE OF BUDGET, ASSISTANT SECRETARY FOR FINANCIAL RESOURCES, DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Mr. ADERHOLT. The Committee will come to order, and good morning, everybody. It is good to have everyone here and welcome everyone to the hearing. Of course, the intent of the hearing this morning to look at the Food and Drug Administration's fiscal year 2016 budget request.

And of course, in addition to that, as we move forward through the hearing, I know a lot of the members will want to seek information on the Agency's use of current and past resources, including the activities, policies, and practices that are supported with appropriated funds from Congress.

Our witness today is Commissioner of the Food and Drug Administration, Dr. Margaret Hamburg. Thank you for being here. It is good to have you here. She is joined by Norris Cochran, who is the Deputy Assistant Secretary for Budget at the Department of Health and Human Services—good to have you here—and Jay Tyler, the Chief Financial Officer of FDA. So welcome to all of you.

As you note in your statement that you have submitted, you will be stepping down at the end of the month. And of course, we talked about that as you were in my office earlier this week. You have not only served six years in your current post, and it is one of the most challenging, I think, and demanding jobs in the Federal Government, but you have served with great success on behalf of your dedicated staff and also on behalf of the American people.

Of course, we have differing opinions on some things; we all do regarding policies and regarding regulations, and regarding funding. But there is bicameral and bipartisan respect for the way you have provided leadership in your role and in your very important job in the public health agency.

As I have mentioned in previous hearings, we have established three primary goals for this Subcommittee as we progress through the fiscal year 2016 Appropriations process.

The first goal is to improve the management of the agencies and programs within our purview. Continuing to build upon the efforts of previous years, our goal is enhancing accountability in spending the taxpayer's dollars through improved Agency governance proc-

esses and internal controls and also ensuring transparent decision-making.

FDA has vast authority and regulations to properly oversee various efforts under its jurisdiction—from the safety of food and medical products, to the effectiveness of drugs and devices, to the safety of vaccines and the blood supply. With these responsibilities, FDA needs to utilize their oversight capabilities in all areas to better ensure that our limited resources are spent wisely.

The Food and Drug Administration must also tighten controls for areas subject to large expenditures with unclear results and where performance tasks or milestones are not met, such as information technology. To assist Congress in monitoring the use of scarce resources, we have authorized the transfer of \$1.5 million in fiscal year 2015 to the Department of Health and Human Services' Office of the Inspector General.

The second goal is to target funds to the most important programs and functions. This bill contains vast and diverse responsibilities and a limited amount of resources. It would be impossible to meet the full demands of any one agency, so there are tough decisions that have to be made by this Subcommittee. I want to continue to be sure that we make wise decisions in allocating the funding as we move forward.

We will continue to invest in programs that prove effective and that have broad support, such as the FDA's Medical Countermeasures Initiative, WIC, and Rural Development programs. We should also support programs that have a clear and distinct reason for using Federal funding, such as addressing emerging agricultural pest and disease threats across the Nation or the monitoring of safety issues with food or medical products. In order to fund these programs we must reduce or eliminate funding for lower-priority and those that are maybe duplicative or less effective.

And then the third goal is to promote U.S. agriculture, free and fair markets, and safe food and medicines. The United States has one of the safest medical product markets and the safest, most highly productive food and agriculture sectors in the world, and the U.S. Government plays a unique role in ensuring that all of these sectors remain in their current vitality.

For instance, we support a vibrant rural economy by investing in infrastructure such as water and waste and housing programs. We fund FDA's efforts to oversee a growing number of drugs and drug ingredients produced outside of our borders. We also promote a free and fair international trade regime that allows U.S. commodities and products to be sold around the world.

As you remind us in your testimony that you have submitted, FDA regulates over 20 percent of every consumer dollar spent on products in the United States. This Subcommittee must continually remind FDA and the Administration that they need to be very aware of the comprehensive economic impact of their regulatory decisionmaking so that the path to greater safety and effectiveness of products under their jurisdiction is not littered with lost jobs and struggling small businesses.

The Agency's approval of 51 new molecular entities and biological products as well as a record number of orphan drugs in a single year are commendable, but we just remind you that regulations

have the potential to limit both scientific discovery and also ingenuity.

The size of the FDA's fiscal year 2016 budget request includes increases for budget authority that disregard the debt crisis facing our Nation. The Agency is proposing large increases using scarce discretionary resources. Since FDA is informing Congress that food safety, medical product safety, and rental and infrastructure needs are their highest priorities this year, it will be incumbent upon FDA to prove to Congress that such priorities cannot be funded out of base resources first. In addition, the Agency must demonstrate that all efforts have been made to review current operations for potential savings and efficiencies.

Lastly, the Subcommittee and the American public need assurance that the Agency is coordinating and not duplicating other efforts across the Department of Health and Human Services, the United States Department of Agriculture, and elsewhere to ensure the most efficient means of accomplishing its mission. We hope to touch upon each of these issues in more detail as we move forward in the questioning process.

In looking to the proposed user fees, FDA is again proposing to collect and spend \$198.6 million in new and unauthorized programs. While there is a time and place for user fees, as demonstrated by the success of most of FDA's user fee programs, FDA provides no evidence that demonstrates current efforts are effective in assisting the beneficiaries and that the resources for new efforts will result in better services for the customers.

The Ryan-Murray budget deal signed into law back in 2013 capped overall spending not only on defense but also non-defense as well. I anticipate that this Subcommittee's funding levels will remain relatively flat at best. FDA's request for budget authority exceeds the 2015 enacted level by 6 percent. Today and in the months ahead, we must analyze the request and focus on allocating the funding using the goals that I have outlined above to the most effective and to the highest-priority programs.

At this time I would like to recognize Ms. Pingree, who is standing in for the distinguished Ranking Member, Mr. Farr, and see if she has any opening remarks.

Ms. PINGREE. Thank you, Mr. Chair, and I will just speak briefly.

Thank you very much, Commissioner Hamburg, for being here today. I am filling in the very large shoes of my colleagues here, who are all unfortunately at many of the hearings that are going on today. But they will be joining us soon, and I am happy to fill in for our Ranking Member.

I will also just add my thoughts to the Chair's comments. Thank you so much for being here today, but also for your six years of very distinguished service at the FDA. We really appreciate your commitment to public service and the work that you have done here.

I know you have a lot of challenges ahead, and certainly there will be a lot of challenges in this budget. But I think we also do have to balance it with the growing responsibilities of the FDA, with the tremendous number of new drugs that are coming on line, and the very fast-changing world that you are dealing with.

I personally have been very grateful to you for the work you have done to help us improve the Food Safety Modernization Act rules and working with your agency on that. I think many of my colleagues will remain committed to providing the FDA with the resources it needs to fully carry out its responsibility to our public health and safety.

So I look forward to hearing your testimony today and hearing you answer the questions of my colleagues, and thank you very much for being here with us.

Mr. ADERHOLT. Thank you, Ms. Pingree.

We are also very happy to have the Chairman of the full Appropriations Committee, Mr. Rogers, here with us, and I would like to recognize him for any opening statement that he would like to make.

Mr. ROGERS. Thank you, Mr. Chairman. And welcome, Commissioner and staff, to the hearing. I first want to pay tribute to the Commissioner for six years of service at this chore, which I think is a modern-day record if not an all-time record tenure; but also, not just the time you have served, but the quality of service that you have given to the country.

This is a really tough job you have. People do not appreciate that. It is fairly obscure in the pantheon of alphabet in the city, but the remarkable regulatory entity and breadth of your responsibilities is astonishing. You have brought a public health perspective to an Agency charged with ensuring the safety of our country's drugs, biological devices, our human and animal food chain, cosmetics, anything that emits radiation.

Dr. HAMBURG. Dietary supplements. Tobacco. [Laughter.]

Mr. ROGERS. We support you in this important mission. And while we certainly understand the breadth of your responsibilities, I am concerned by the size of the budget request before us. At \$4.9 billion, this is the largest FDA request in recent history. And while you have indeed taken cues from Congress to utilize budget authority rather than saddling industry with the costs associated with finalizing a number of FSMA regulations this year, a \$150 million increase will be tough to swallow. We look forward to hearing from you today about your plans for adhering to the terms of the FSMA court order.

While I know many of the members of this Subcommittee have a number of areas of concern, there are three that I would like to briefly touch on with you—first, prescription drug abuse, which I am sure you would have guessed I would put first.

As your time as Commissioner comes to a close, it gives us all an opportunity to reflect on your legacy regarding this issue, which is near and dear to my heart. My district in Kentucky was ground zero for prescription drug abuse with OxyContin a dozen years ago, which started me on my tear on this subject.

The first time I approached FDA about the abuse of prescription medications was in 2000, and for over a decade, my pleas for FDA to take action on this life-or-death issue fell on deaf ears. And in the meantime, kids and teenagers and people from all over my district were dying, overdosing in emergency rooms almost every night.

And when this problem reached epidemic proportions, I found in you a willing partner, Madame Commissioner, and I am grateful for all of your efforts to address this very complex public health challenge. I hope you can provide an update on the guidance for abuse-deterrent formulations that hopefully will be finalized before your tenure comes to a close.

You have been a real champion for helping to solve this problem with helping make prescription medicines, opioids, abuse-deterrent. In the case of OxyContin, for example, a 12-hour-release pain reliever for terminally ill patients, mainly for severe pain, first you changed the definition so that it could be used only for severe pain and not just for moderate to severe pain. You helped educate the medical community, particularly prescribing doctors, about the danger of this drug if abused and the difficulty in breaking its habit. You upscaled for tighter controls the hydrocodones. And you have, in the case of OxyContin, for example, changed that formulation so now it is abuse-deterrent.

You cannot shoot it up. You cannot crush it. You cannot snort it. You can only take it for what it is supposed to be. That is an amazing change that has taken place thanks to your tenure and so many others in that second vein.

Second, your proposed tobacco deeming regulation is of interest to a lot of people, as evidenced by the 135,000 comments that were submitted in response to its publication. You and I have discussed the regulation of premium cigars in the past. The decision FDA makes regarding e-cigarettes has the potential to be transformative for this emerging market. I know many are eager for your thoughts about how and whether these products will be regulated and whether FDA has the adequate resources and infrastructure in place to tackle a really herculean chore.

Finally, like many, I am concerned about obstacles created by the Chinese Government to our inspection of foreign food and drug products. While the safety of American consumers is our paramount concern, there is also a fundamental question about fair trade practices. Domestic manufacturers and producers are subjected to extensive regulation to ensure the safety of their products, and they should have an equal playing field with their foreign competitors. The fiscal year 2015 Omnibus included \$2 million to speed up drug facility reviews in China, and we are looking forward to an update on that effort and where you see it going.

With that, I am going to close my remarks here, Mr. Chairman. And in doing so, I want to close with a very high tribute to this public servant who has given her entire adulthood to public service, both in New York City and, of course, here, among others.

So Madame Commissioner, we are indebted to you. Your service has been stellar, and we hate to see you go. You bring a fresh, optimistic approach to things, and I hope that your successor can be half as good as you. Thank you.

Dr. HAMBURG. Thank you so much.

Mr. ADERHOLT. Thank you.

Commissioner Hamburg, without objection, your entire written testimony will be included in the record. But now I would like to recognize you for comments that you would like to make, and then

we will proceed with the questions from the members. So the floor is yours.

Dr. HAMBURG. Thank you very much. Thank you, Chairman Rogers, Chairman Aderholt, and all the members of the Subcommittee. And I certainly appreciate the chance to be here before you today to discuss the President's fiscal year 2016 budget request for FDA.

This, as you know, will be my final appearance before the Subcommittee. I am stepping down at the end of this month. So I really do want to thank you, as I begin, for the investments that you have made in FDA and the confidence and support that you have placed in my leadership.

Your support has helped us address many of the demands of our broad and increasingly complex mission, and I really have felt that we have had the opportunity for many constructive dialogues over the years as we have shaped our budgets and prioritized our budget needs.

And I also want to, as I reflect on the work of this Subcommittee, express my condolences to the family, friends, and colleagues of Representative Alan Nunnelee. His legacy of service I know will not be forgotten.

During my tenure at FDA, Congress has recognized the vital, unique, and dynamic role that FDA plays in promoting and protecting the health of the public in our increasingly complex and global environment. You have provided the Agency with resources, and tasked us with a multitude of new responsibilities.

In response, our accomplishments demonstrate our ability to respond to evolving public health needs and opportunities across the spectrum of the products that we regulate. But even as FDA has risen to meet these challenges, successful implementation of our authority and existing responsibilities really does require additional resources.

To help meet this need for fiscal year 2016, FDA is requesting, as you noted, \$4.9 billion, \$2.7 billion in budget authority and \$2.2 billion in user fees. The increase above fiscal year 2015 is \$425 million, of which \$148 million is new budget authority.

Recognizing the larger pressures on the Federal budget, we focused the budget request on essential functions and urgent needs of our Agency, as Chairman Aderholt has indicated is a priority for the Committee.

I would like to begin by discussing FDA's efforts to improve and protect America's food supply. The fiscal year 2016 budget request includes a total of \$1.5 billion for food safety, including \$109.5 million budget authority increase over fiscal year 2015. And that increase will largely be dedicated to implementing the Food Safety Modernization Act, or FSMA.

And since FSMA was passed in 2011, FDA has made extraordinary progress in implementing the new law. We have issued seven major proposed rules, and we have also been developing innovative new technologies to identify the source of foodborne outbreaks more quickly so that needed actions can be taken to prevent additional illness.

But past achievement is no guarantee of future success, particularly when significant funding gaps loom. We will issue final FSMA regulations this year. Implementing these regulations will require

us to modernize inspections and retrain staff to apply the new rules effectively and consistently, provide guidance and technical assistance to industry to support their compliance efforts, and invest in the capacity of our State partners to leverage their local knowledge and resources.

We also must address the concerns about the safety of the large and growing volume of food imported from other countries. FSMA empowers the Agency to hold foreign food producers to the same standards we expect of food producers in the United States. We must do so, as you note, to assure level playing fields for American firms, but also to protect American consumers.

I cannot overstate the importance of our request to fund continued successful implementation of FSMA. A shortfall in our funding will undermine Congress' intent to transform our Nation's food safety program and will harm all stakeholders. If we invest now, I am confident that we can fulfill FSMA's vision of a modern, prevention-oriented food safety system that works collaboratively across our global food system to reduce foodborne illness, bolstering public confidence in the food supply and maintaining U.S. leadership on food safety domestically and internationally.

Now, in the vital area of medical product safety and innovation, the fiscal year 2016 budget request provides a program level of \$2.7 billion, including a budget authority increase of \$33.2 million above fiscal year 2015. Part of the proposed budget increase will support FDA implementation of key initiatives of the Food and Drug Administration Safety and Innovation Act, FDASIA, and also our important work on the national strategy for combating antibiotic-resistant bacteria, where we have made important strides on both the human and animal front. But this remains a pressing public health challenge.

An additional \$10 million is to support FDA's essential role in precision medicine and enable us to continue to speed the development of promising new diagnostics and treatments for patients with serious illnesses.

Our exciting work in the medical product innovation and safety area is a testament both to new opportunities offered by dramatic advances in science and technology as well as our innovative approaches to expedite development and review of medical products to address unmet medical needs while adhering to established standards for safety and efficacy.

In 2014, FDA approved the most new drugs and biologics in almost 20 years, and brought lifesaving drugs to market more quickly than ever. We have also made real progress in reducing times for medical devices to reach market. Enhanced funding will help us to maintain our Nation's preeminence in biomedical product innovation and safety, and will benefit us all.

Let me close by underscoring that FDA's public health mission is indispensable to the health and well-being of every American. We carry out our mission effectively and with few taxpayer dollars despite dramatic expansions in our responsibilities as a result of new legislation, scientific and technological advances, and a globalized marketplace.

Our budget request plans for efficient spending on programs that are essential to providing Americans with the safe foods and the

safe and effective medical products that they expect and count on. And I know that with your ongoing support, FDA will continue to move forward in fulfilling its critical responsibilities to the American people even as I leave the Agency in the very capable hands of my successor.

So thank you very much, and I am happy to try to answer any questions that you may have.

[The information follows:]



DEPARTMENT OF HEALTH AND HUMAN SERVICES

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Food and Drug Administration  
Silver Spring, MD 20993

**STATEMENT**

**OF**

**MARGARET A. HAMBURG, M.D.**

**COMMISSIONER OF FOOD AND DRUGS**

**FOOD AND DRUG ADMINISTRATION**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**BEFORE THE**

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

**UNITED STATES HOUSE OF REPRESENTATIVES**

**MARCH 4, 2015**

**I. Introduction**

Good morning, Chairman Aderholt and Members of the Subcommittee, I am Dr. Margaret Hamburg, Commissioner of the Food and Drug Administration (FDA). Thank you for the opportunity to appear before you today to discuss the President's fiscal year (FY) 2016 Budget Request for FDA. I would like to thank the Subcommittee for its past investments in FDA, which have helped us meet the demands of our broad and increasingly complex mission. For FY 2016, FDA is requesting \$4.9 billion to support our essential functions and priority needs.

On a personal note, I'd like to thank the Committee for its continuing commitment to these issues during my six years as Commissioner. As you know, I will be stepping down at the end of this month, so this will be my final appearance before this Subcommittee. I will miss the constructive dialogue we have enjoyed over the years to address matters of mutual concern. My decision to leave FDA was not an easy one, as there is always more to be done, and I remain dedicated to the vital work and mission of the Agency. But, I am confident that I leave the Agency stronger and more effective than when I began, and better positioned to meet the challenges of the 21<sup>st</sup> century. And, I know that with your commitment, FDA will continue to move forward in fulfilling its critical responsibilities to the American public.

**II. FDA Plays a Vital Role in America's Public Health System**

FDA is a science-based regulatory agency charged with an enormous and significant public health mission: to promote and protect the health of the American people. Our goal in carrying out our mission is to ensure the safety, effectiveness, and quality of medical products, as well as the safety and security of the vast majority of our

nation's food supply. The Agency also regulates the manufacturing, marketing, and distribution of tobacco products and seeks to reduce the use of tobacco products by minors. FDA plays a unique and vital role in facilitating the availability of safe and effective products, while also protecting citizens from products that may cause harm.

FDA's important work promotes innovation in the industries it regulates, creates jobs, and positions domestic industries to compete in the global marketplace. History shows that when there is public trust in FDA's oversight, the industries we regulate flourish. Conversely, when food and medical products cause serious harm, the result is often severe economic damage across the industry involved.

Congress has recognized the dynamic role that FDA plays and the increasingly complex and global environment in which we operate. As a result, FDA has been tasked with a multitude of new responsibilities and authorities in the public health arena, including the Drug Quality and Security Act (DQSA); the FDA Safety and Innovation Act (FDASIA); the FDA Food Safety Modernization Act (FSMA); and the Family Smoking Prevention and Tobacco Control Act. While FDA has stepped up to meet these essential public health challenges under current funding levels, successful implementation of these new authorities requires significant additional resources.

### **III. FDA Has a Proven Track Record of Success**

FDA's accomplishments over the past year have been as substantial as any in the Agency's recent history. Across the areas of food safety and nutrition, medical product safety and innovation, tobacco control, and other areas of our work, our accomplishments demonstrate our ability to respond to evolving needs and opportunities – including the embrace of new approval pathways, innovative technologies, and cutting-edge science.

Moreover, especially given the importance of our work, FDA is a bargain. The products regulated by FDA account for more than 20 percent of every consumer dollar spent on products in the U.S. but individual Americans only pay about 2 cents per day to ensure that those products are safe and effective. This is a small price for life-saving medicines approved as fast or faster than anywhere in the world, confidence in medical products that are relied on daily, and a food supply that is among the safest in the world.

### **FDA's Innovations Improve and Protect America's Food Supply**

Food Safety Modernization. FDA published seven major proposed rules and, based on stakeholder input, four supplemental proposals to implement FSMA. The Agency also completed 8,607 high-risk food establishment inspections in FY 2014, exceeding the target of 6,507 inspections by 32 percent. FDA also released a FSMA Operational Strategy Document that focuses on how we can implement FSMA by prioritizing prevention, voluntary compliance, risk-based oversight, and expanded collaboration across the food safety community.

Genome-Based Food Pathogen Detection. FDA established GenomeTrakr, the first national pilot network of whole genome sequencers (WGS) for pathogen identification to trace where outbreaks start – even at the level of a single farm or food facility – based on whole bacterial genomes. FDA is already utilizing this innovative technology, such as in the identification and closure of a cheese facility connected to a *Listeria monocytogenes* outbreak, to take quicker, yet more targeted, action and likely prevent a larger number of illnesses.

Nutrition Labeling. On December 1, 2014, FDA published two final rules requiring that calorie information be listed on menus and menu boards in chain

restaurants and similar retail food establishments, and on signs for vending machines. Americans eat and drink about one-third of their calories away from home, and this is an important public health step to help consumers make informed choices for themselves and their families. FDA also proposed important updates to the Nutrition Facts Label, such as more prominent calorie declarations, to bring it up to date with current diet and health concerns.

### **Promoting Innovative Medical Product Development**

Medical Product Application Review. FDA's rapid drug reviews and use of expedited programs has helped provide meaningful new products to U.S. patients. In 2014, FDA approved 51 new molecular entities and biological products, more than in any single year in almost 20 years. Among the 2014 approvals are treatments for cancer, hepatitis C and type-2 diabetes, as well as the most new drugs for "orphan" diseases since Congress approved the Orphan Drug Act more than three decades ago. Seventeen of the new approvals are "first in class" therapies, which represent new approaches in the treatment of disease, and almost two-thirds were approved first in the U.S. In addition, important biological products approved in 2014 include a number of groundbreaking vaccines for meningitis B, the flu, and certain types of Human Papillomavirus.

From 2011 to 2014, the median number of days for FDA to approve investigational device exemption (IDE) submissions decreased from 442 to only 101, cutting the time it takes to bring a new medical device to market by nearly a full year. In addition, improvements to the de novo program have resulted in a 70 percent reduction in the average total time to decision for these submissions.

These developments are a testament not just to expanding understanding of human biology and the molecular mechanisms that drive the disease process, but also to FDA's innovative approaches to help expedite development and review of medical products that target unmet medical needs, while adhering to the established standards for safety and efficacy.

Abuse-Deterrent Opioid Medications. FDA continues to make progress in its efforts to help reduce prescription drug abuse, while remaining committed to ensuring that patients with pain have appropriate access to medicines they need. In 2014, FDA approved three new opioids with abuse deterrent features to give physicians effective new treatment options with less risk of abuse. To help encourage the development of more abuse-deterrent formulations of opioids, the Agency hosted a public meeting to discuss scientific and technical issues related to development and assessment of abuse-deterrent opioid products and is working diligently to finalize its guidance on this topic this spring. We also approved a new dosage form of naloxone with an autoinjector to allow for the emergency treatment of opioid overdoses in community settings.

Drug Quality and Security Act. During FY 2014, FDA conducted over 90 inspections of compounding facilities, issued warning letters, and worked with DOJ to bring criminal and civil enforcement actions. The Agency also continued to develop a framework to implement the new law. FDA has issued numerous policy documents to implement Federal Food, Drug, and Cosmetic Act section 503A, as amended by the DQSA, as well as section 503B, as added by DQSA, concerning outsourcing facilities. In addition, on February 23-24, 2015, FDA held the first meeting of the Pharmacy

Compounding Advisory Committee to provide advice on scientific, technical, and medical issues concerning drug compounding.

### **FDA Works to Reduce the Impact of Tobacco on the Public Health**

Family Smoking Prevention and Tobacco Control Act. FDA published the proposed “deeming rule” to extend FDA’s tobacco authority to additional tobacco products, including e-cigarettes, and is reviewing over 135,000 comments the Agency received in preparation of the final rule. Public health-based regulation of these products can help reduce the death and disease toll from tobacco use. FDA also closely monitors retailers’ compliance with restrictions on tobacco product marketing and sales to youth – and takes strong corrective action when violations occur. In addition, the Agency launched a major public education campaign targeting youth about the dangers of tobacco products, with the goal of reducing or preventing use in future generations.

### **FDA Tackles Emerging, Unique, and Complex Challenges**

Combating Antimicrobial Resistance. FDA has made important strides in confronting the growing resistance of some bacteria to antimicrobial drugs. In 2014, FDA approved four novel systemic antibiotics to expand the pipeline of new medical products available for identification, prevention, treatment, and/or cure of bacterial infections. In contrast, only five new antibiotics had been approved in the previous ten year period. In addition to working on the human medical product side, FDA has made great progress on its initiative to fight antimicrobial resistance by restricting the use of medically important antimicrobials in food animal production to legitimate animal health purposes. All 26 drug companies with affected products have committed in writing to remove animal production uses from their FDA-approved labels and bring the remaining

medical uses under veterinary supervision by the end of 2016. FDA is working closely with USDA, producers and drug companies to support implementation of these important changes and gather data to verify their effectiveness in reducing antimicrobial resistance.

Ebola Outbreak Response. In response to the Ebola epidemic in West Africa, FDA has acted aggressively to help expedite the development and availability of investigational medical products for Ebola, including by: providing regulatory advice and guidance to commercial developers and U.S. agencies; helping to facilitate access to investigational medical products for patients with Ebola when requested by clinicians; and authorizing the use of eight investigational diagnostic tests for Ebola under FDA's Emergency Use Authorization authority. We have collaborated extensively with the World Health Organization, NGOs and several international regulatory counterparts to support international response efforts. FDA has also monitored for fraudulent products that claim to prevent, treat, or diagnose Ebola and took action, as warranted, to protect public health.

#### **IV. FDA's FY 2016 President's Budget Request**

The FY 2016 President's Budget Request for FDA is \$4.9 billion for the total program level, which is \$425 million above the FY 2015 Enacted Level. Of the total funding, \$2.7 billion is budget authority and \$2.2 billion is user fees. The FY 2016 increase consists of \$148 million in budget authority and \$277 million in user fees. The growth in user fee funding stems from several new programs, along with increased collection authority for many of FDA's existing programs. Mindful of the larger pressures on the federal budget, we have focused our request on the most urgent needs for FY 2016.

**Food Safety**

The FY 2016 Budget provides a total program level of \$1.5 billion for food safety, which is \$301 million above the FY 2015 Enacted level. This total includes a \$109.5 million increase in budget authority and a \$191.8 million increase in user fees. The proposed budget authority increase will be almost exclusively dedicated to implementation of FSMA.

FDA's successful implementation of FSMA is essential to reducing foodborne illness, bolstering public confidence in the food supply, and maintaining U.S. leadership on food safety internationally. With FDA under court order to issue many key FSMA regulations in 2015, FY 2016 is an absolutely crucial year for the investments needed to ensure timely, effective, and non-disruptive implementation. FDA's collaborative implementation strategy requires a modernized approach to inspection and enforcement, focusing on food safety outcomes and encouraging voluntary compliance. To be successful, this strategy requires retraining and retooling of FDA and state inspectors. In keeping with FSMA's theme of collaboration and partnerships, the largest single portion of the budget authority will go to the states to better integrate, coordinate, and leverage federal and state food safety efforts.

FDA's FSMA philosophy of "educate before and while we regulate" also requires investing in guidance, education, and technical assistance for industry to support their compliance efforts, especially among smaller scale farmers and manufacturers. FDA will deliver this assistance through collaborative alliances and training partnerships.

Finally, FDA must make crucial investments in FY 2016 to implement the new import safety system mandated by Congress. This includes FSMA's Foreign Supplier

Verification Program requirements, which are the foundation for FSMA's new import safety system and key to helping assure a level playing field of food safety standards and oversight for U.S. consumers and industry.

The investments FDA can make with the FY 2016 budget authority request will enable the agency to maintain momentum toward timely and successful implementation of FSMA. Without these investments, implementation will be disrupted and delayed.

### **Medical Product Safety and Innovation**

The FY 2016 Budget provides a program level of \$2.7 billion, which is \$84.8 million above the FY 2015 Enacted Level, to continue core medical product safety activities across FDA programs.

With part of this increase, FDA will support implementation of three initiatives of FDASIA: the Unique Facility Identifier; Unique Device Identifier; and Electronic Biological Product Application Submission programs. FDA will also continue contributing to the National Strategy for Combating Antibiotic-Resistant Bacteria (CARB) to help ensure the judicious use of medically-important antimicrobials in food-producing animals; to evaluate new antibacterial drugs for patient treatments; to streamline clinical trials; and to develop better vaccines for antibiotic resistant organisms. An increase of approximately \$1 million will support continued implementation of new compounding oversight authorities and the evaluation of sunscreen ingredients. Finally, \$10 million of the increase will help FDA adapt its regulatory process to developments in "precision medicine." Funding this initiative will permit FDA to keep pace with scientific advancements and help speed the development of promising new diagnostics and treatments that will enable precision medicine to be successful.

**Rent and Facilities**

Within the Budget Request, FDA requests a program level increase of \$38.9 million for infrastructure. FDA has a growing workforce of 16,000 FTEs, resulting in rising operational rent costs. Without the requested funding, FDA cannot simultaneously support this expanded workforce, critical facility needs, and its increasing programmatic responsibilities. The request also includes funding for a feasibility study to address FDA's expanded workforce and facility needs on the White Oak campus.

**Current Law User Fees**

A \$78.5 million increase is requested for current law user fees, which will help FDA fulfill its mission of protecting the public health by assuring the safety and efficacy of human and veterinary drugs, biological products, and medical devices, assuring the safety of our nation's food supply, and advancing the public health by helping to speed innovations that will offer safer, more effective and higher quality medical products.

**V. Conclusion**

FDA's public-health mission is indispensable to the health and well-being of every American. We carry out our broad public health responsibilities effectively and with relatively few taxpayer dollars, despite dramatic expansions in our responsibilities as a result of new legislation, scientific and technological advances, and a globalized marketplace. Our budget request plans for efficient spending on programs that are essential to providing Americans with the safe foods and safe and effective medical products they expect. We look forward to answering your questions today and to working with you in the coming year.

Mr. ADERHOLT. Thank you. And thanks for your testimony. And like I said, as everyone has said, we appreciate your service and look forward to a time of questioning.

The Chairman reminded me that I do not sound very good this morning as I am recovering from a sore throat. So I am going to try to do less talking, but this will be a good opportunity for me to turn to Chairman Rogers and let me see if he has got any questions in case he needs to slip out.

Mr. ROGERS. Well, thank you very much, Mr. Chairman. I hope you feel better.

Mr. ADERHOLT. I sound worse than I actually am.

Dr. HAMBURG. We might have something to offer you. [Laughter.]

Mr. ADERHOLT. I need something.

Mr. ROGERS. You sound a little bit hurtful. It reminds me of Mark Twain's comment about Wagner's music. He said, "It is really better than it sounds."

Mr. ADERHOLT. Thank you. I will take that as a compliment. [Laughter.]

#### PRESCRIPTION DRUG ABUSE

Mr. ROGERS. Well, Dr. Hamburg, as your tenure comes to a close here, it gives us all an opportunity to reflect somewhat on your legacy regarding an issue, as I mentioned, that is dear to my heart, and that is the prescription drug abuse. But you have up-scheduled hydrocodone combination products to make them more difficult to prescribe.

You have also changed the indication for the strongest painkillers to severe pain only, which is a huge step forward, because doctors really were misled when OxyContin came out. A great pain-relief drug, but they were not aware that it was very addictive and just how difficult it was to kick it.

So when the label said for moderate to severe pain, it was being prescribed for toothaches and toenail hurts or what have you when it was designed and meant to be just for terminally ill cancer patients in severe pain. So you changed the way doctors saw this drug, which was a huge educational opportunity and obligation.

I spoke yesterday with Dr. Collins and Dr. Volkow, Collins at the Health Institute, Dr. Volkow at NIDA, the drug abuse group, about public investments in these important drug technologies. But can you assure us that this guidance will create the right conditions to incentivize the private sector investment and innovation to bring better products forward?

Because that is where that research, of course, has to take place, is in private companies. And yet if there is not the proper incentive, financial incentive, then we will not get better drugs. FDA staff have indicated that despite five abuse-deterrent products now on the market, uptake of these medications has been very slow. How do we get doctors and insurers to come around and prescribe these abuse-deterrent products?

Dr. HAMBURG. Well, thank you. As your question notes, this requires many different agencies and organizations coming together to address a really important shared problem that is devastating communities as your district in Kentucky, as you so well know.

We think this is a high priority, and we have made it very clear that it is within FDA and in our conversations with the scientific research community and with our partners in government, and of course, in our work with industry.

The abuse-deterrent guidance, which will be out by the date that you have indicated—in fact, we think well before—will be laying out clearly and explicitly for industry our expectations for what kind of studies need to be done, what kind of data needs to be collected, to demonstrate an abuse-deterrent effect, how best to go about creating these products with abuse-deterrent properties that can measurably make a difference so that these products are harder to abuse.

And as you know, most of the technologies to date have been to make it harder to inject or snort. But the oral abuse, which is in fact the largest category of abuse and overdose, still remains very challenging in terms of an abuse-deterrent formulation.

So we need continued innovation, and we are trying to do that by working with industry and the scientific community to point out where the gaps are, where the opportunities are. We also do need others—insurers, the healthcare community—to step up to the plate to start to insist on better formulations as well.

And I think we really need to continue to find strategies to create some of the incentive framework so that companies really want to work in this area. One thing that I have actually talked about is with the X Prize Foundation, whether they should do an X Prize for this because we need some out-of-the-box thinking.

But we are encouraged. We are seeing progress in terms of new formulations, new approaches. There are some very exciting ideas in the pipeline. I think in partnership with NIH we can continue to really help move some of the scientific thinking and bring others on board in public-private partnerships.

So I think there is progress made. But we have to remember that abuse deterrence is only that. It does not mean abuse-proof. And we still need to work hard on the bigger picture of reducing inappropriate prescribing of opiates and assuring appropriate medical treatment and care, including identification and treatment of addiction when it does occur.

Mr. ROGERS. Well, prescription drug abuse is killing more people than car wrecks in our country. CDC calls it a national epidemic, and it is, certainly in my district, and I am sure elsewhere.

And we do need that breakthrough. With the brilliance of the medical community and the pharmaceuticals, there has got to be a silver bullet out there. And I wonder whether the so-called prodrug drugs are that silver bullet.

A pill that apparently is being tested now—a pill, but it does not release its tranquilizing effect until it reaches the digestive tract and reacts with enzymes in the digestive tract. You cannot snort it or chew it or shoot it up. It does not work, only when it reacts with the digestive juices in the digestive tract. What do you think about that?

Dr. HAMBURG. Well, you and I, I think, both had the opportunity at your last prescription drug abuse summit last spring to speak with the scientists working on that. I think it is a very, very interesting approach that holds promise, and we have been very recep-

tive to talking with the developers about what they are thinking about and what they should be thinking about as they design their research/development plan.

We are eager to see that kind of new thinking and approach evolve. We are also interested in seeing if there are other approaches that perhaps have not really been thought of yet but that might make a real and enduring difference.

Mr. ROGERS. Well, we thank you, and we hope FDA continues to aggressively on this track as you have been because you are saving lives in the process. Thank you very much. But thank you for your service.

Dr. HAMBURG. Thank you.

Mr. ROGERS. We hope to see you around here time and again.

In the meantime, Mr. Chairman, I have got to attend another hearing with the Secretary of Defense.

Mr. ADERHOLT. Absolutely.

Mr. ROGERS. Thank you, madame.

Dr. HAMBURG. Thank you. Thank you so much.

Mr. ADERHOLT. Thank you, Chairman Rogers.

#### DIETARY GUIDELINES

Let me switch over to dietary guidelines. The Department of Health and Human Services—of course, FDA is a part of that—has the lead role in developing the Dietary Guidelines for Americans in 2015. The Secretary of Agriculture appeared before this Subcommittee, was sitting where you are sitting just about a week ago. He made a commitment to adhere to the statutory directive for developing the Dietary Guidelines for Americans. And as he put it, and this was his quote, “I know my role, and I will color within the lines.”

I reminded him when he was here last week of the need to stay focused only on the dietary and nutritional recommendations of the Dietary Guideline Advisory Committee, and subsequent comments collected by USDA and the Department of Health and Human Services about these recommendations.

To quote from former Senator Bob Dole, he said, “I believe the Committee exceeded its mandate when it made dietary recommendations based on environmental concerns of sustainability.” I urged the Secretary of Agriculture and the Secretary of Health and Human Services to omit those recommendations in issuing their final guidelines. The science of nutrition can be confusing to the average consumer. Integrating environmental consideration into dietary recommendations lessens the report’s impact and usefulness.

My question, Commissioner, would be: As a vital player in the development of these final guidelines, can we get an assurance from the Department of Health and Human Services that the final report will include only nutrient and dietary recommendations and not include environmental factors and other extraneous material?

Dr. HAMBURG. Well, our role in the nutrition space is a little bit different. We are involved, of course, in the Dietary Guidelines, but that is not our direct responsibility.

We have many responsibilities directly in areas of nutrition and nutrition science, and I am really happy to be able to report to you

that we have a very strong commitment to science-based decision-making in our nutrition programs; that, as we look at what matters to promoting health and protecting health of the American public with respect to health and nutrition, we spend a lot of time examining what is known, what does the literature show, soliciting input from other experts in helping to get additional information that we might not be aware of.

We also do undertake research ourselves and in partnership with others. We also have just recruited a wonderful new director of our Center for Food Safety and Applied Nutrition, Dr. Susan Mayne, who is here, who we got from Yale University, who has a long and distinguished career in nutrition science and health.

So I think we are well positioned to help advance understanding and to make sound policies based on evidence. And certainly we try very hard to color within the lines, too. We already have responsibilities that outstrip our resources. We have no desire to take on new activities that are outside of what we have been mandated and asked to do.

Mr. ADERHOLT. I will take that as a yes, then.

I find it interesting that the Advisory Committee has found that cholesterol is not a nutrient of concern for over-consumption even though previous dietary guidelines have recommended limiting cholesterol intake to no more than 300 milligrams per day. There are other such examples in the recent past where the Advisory Committee completely changed its focus despite claims of sound science.

The Advisory Committee also recommended a diet higher in plant-based foods and lower in animal-based foods as more health-promoting even though lean meat has been included as part of a healthy, balanced diet in previous Dietary Guidelines. How are consumers supposed to feel confident about following the Dietary Guidelines when the recommendations contradict what was just put out five years ago?

Dr. HAMBURG. Well, I think one of the challenges in this arena, and other arenas as well, is that the science base is always changing. Also, with the vast array of different kinds of studies going on with different perspectives, it can get very confusing about emerging information and how to put it into context and what information consumers should rely on.

Again, I come back to my earlier answer, that we really view as the foundation of the work we do establishing the database and the evidence for regulatory decisionmaking. But recognize that this is a dynamic process and new evidence emerges as understandings of the science and of human biology advance. And as that happens, we do think it is very important to periodically update the work we are doing.

For example, not too long ago we put forward a proposal to update our nutrition facts label, which is the nutrition information on the back of various kinds of processed and other foods. That was first begun, I think, now more than 20 years ago, and some of the nutritional components being represented there did not represent advances in nutrition science, and also the serving size information did not reflect current practices and behaviors of American consumers. So I think that is very important so that Americans can

have access to the most recent and updated information so they can make informed choices.

Mr. ADERHOLT. I reminded Secretary Vilsack when he was here last week of the enormous impact the Dietary Guidelines have on individual diets; also, nutritionists and dieticians who plan and prepare food for schools and other institutions and elsewhere across the United States. I suggested to him that the 45-day timeline for the comments is too short, and he committed to discussing extending that comment period for an additional 60 days with Secretary Burwell.

Can I get a commitment from you that you and your colleagues will convey that need to extend that comment period?

Dr. HAMBURG. Well, I will certainly reflect back to Secretary Burwell your comments and this discussion.

Mr. ADERHOLT. Thank you. Well, as I say, the Secretary, I think, was in agreement that this additional 60 days was important because of the impact of this. And so we would appreciate your conveying that to the Secretary, and that many of us feel here on the committee that it is important as well.

So with that, let me recognize Mr. Farr.

Mr. FARR. Thank you very much, Mr. Buff. You transferred questioning to Mr. Lumpy. [Laughter.]

Dr. HAMBURG. I was trying figure that out.

Mr. FARR. It is interesting. He is the healthy one, and is worried about too much Dietary Guidelines; I am the unhealthy one that thinks that they are probably a good idea. But maybe he follows them better than I do.

Thank you for all of your service. I know you are leaving, and we are really going to miss you. You have been one of the more outstanding FDA directors we have ever had, and I think, as Mr. Rogers says, a lot has been accomplished under you.

#### BUDGET REQUEST

In looking over your budget request in our discussion and in the office, it just seems that Congress, in our lawmaking, has given you, the FDA, just tons of authorities, but we never give you the money to carry them out. Maybe we have just over-stretched your role.

Yet if you poll the public, you are the most trusted part of the Federal Government, more than any—more than Congress, certainly a lot more than Congress. Since everybody trusts you, we are giving you more say about things in our society. But perhaps the mission is too big or the budget is too small. I happen to think the budget is too small.

Can you tell me what level of resources FDA needs to do the job that Congress has mandated?

Dr. HAMBURG. Well, that is a question that is of huge importance to the Agency, although it would take some time to really work it out and offer you a meaningful answer. But I guess we also recognize we will never get everything we need.

But I think you are correct when you recognize that our responsibilities, especially in an increasingly complicated environment in terms of the advances in science and technology of the products we are overseeing, and a new global marketplace, those demands, and

the new laws that have given new authorities and responsibilities such as FDASIA and FSMA, are packed full of tasks for us to undertake.

That all does outstrip the available resources that we have, and I really think we do an extraordinary job delivering for the American people with the resources that we have been given, and that we take our responsibility as stewards—

Mr. FARR. But not having enough of those resources, what are going to be the consequences for the American public?

#### FSMA

Dr. HAMBURG. Well, I think, taking FSMA, for example, we are asking for \$109 million in budget authority from Congress to continue the implementation of what is a historic transformation of our food safety system in this Nation after more than 60 years, to turn it from a reactive system that responds after a problem has already occurred and is entrenched to a preventive system.

It is something that industry and consumer advocates and the public health and scientific community came together to support, and Congress passed in a bipartisan way, with considerable ease, in fact, at the end of the day because everybody recognizes that this is a benefit for all.

By strengthening food safety and reducing foodborne illness, we will save the healthcare system an estimated \$78 billion a year from foodborne illness. The food industry suffers every time there is a problem in the food system because it undermines public confidence; even if it was not your farm that has the contaminated food, there may be a huge decrease and a sustained decrease in purchasing.

Mr. FARR. Yes. We saw that. My district produced 70 percent of the spinach in the United States, when we had the E. coli in the spinach recall. We have never since reached the level of sales in spinach that we had prior to that.

Dr. HAMBURG. Yes. So I think that while it may be a large number in terms of past asks by the FDA for this program, this is a critical time for implementation and it seems like there is a terrific return on investment. If we invest now, it will have broad tradeoffs for people, communities, healthcare, and industry.

And we are trying to do this in the most responsible way possible. At the time the law was passed, CBO estimated a dollar amount for implementation of FSMA over a five-year period, and that was something north of \$500 million, \$583 million over five years.

Mr. FARR. Let me drill down—

Dr. HAMBURG. We have estimated that we can do it for less, and that is what we are striving for.

#### GMO AND MEDICAL MARIJUANA

Mr. FARR. Yes. Let me drill down on two things that I think are symbolic of this. I think that the public distrust is borne out by all these local initiatives to require labeling of GMOs. We have not had the scientific evidence to show that a genetically modified product does any kind of harm, yet people are, because it is genetically modified, freaked out about it.

I think California is going to have another ballot initiative. It failed the first time in California; this time I think it is probably going to pass. It would be interesting, one, to get a statement from the department on GMOs, or studies, or whatever we need to do because there is just a lot of confusion out there.

And the second one I want to ask you about—because I do not think FDA has ever done any studies on it—is medical marijuana. We do not know about medical marijuana. We have Federal laws saying medical marijuana is evil, and in order to study it the Federal Government makes you bust down significant research barriers. And yet we have 33 States that say, no, medical marijuana is okay.

We have a huge conflict in credibility. It seems to be that people are saying that it has some medical benefits. What would it take for the FDA to have a study on marijuana? What is holding it up?

Dr. HAMBURG. Well, we agree with you that research is very, very important to better understand medical marijuana and its appropriate uses, especially as more and more States are introducing law to support the use of medical marijuana. And of course, also recreational marijuana we still should learn more about.

FDA historically has been an advocate for more research and has supported requests for research to be done when they come before us and represent quality research that could provide meaningful answers to important questions. I think it is also useful to note that we have actually approved a couple of products that have marijuana components in them.

But the issue of the study of the botanical marijuana plant has been more challenging, and different agencies are involved in it. Our role is to address the approval of investigational new drug status for clinical studies to go forward in the context of potential product development.

Mr. FARR. What would it take to get you to do a study on the plant that is being used?

Dr. HAMBURG. We do not generally do those kinds of studies ourselves, but we are a key player in establishing the appropriate conditions for those studies to go forward.

Mr. FARR. What would that take?

Dr. HAMBURG. NIDA, as you may have heard when they testified yesterday, actually is responsible for the oversight of a farm in Mississippi that grows marijuana plants in a more controlled way in terms of potency, et cetera. And they can authorize use of those marijuana plants for research. And DEA has to provide licensure to the investigators and the sites who wish to undertake research with marijuana because it is a Schedule I drug.

So all of those things have to align. But we are supportive of more research being done. I think we need to ask and answer a set of critical questions around appropriate use. And there are a couple of studies going on at the present time. One is involving marijuana components. One involves cannabidiol and a drug for epilepsy specifically, intractable childhood epilepsy. And then there is also a study going on for cancer pain.

So I think that this is a critical time for this work to be done, and certainly are stepping up to the plate to try to make sure that research is done in a responsible way.

Mr. ADERHOLT. Mr. Yoder.

Mr. YODER. Thank you, Mr. Chairman. Dr. Hamburg, let me echo the comments of my colleagues regarding your service and tenure, and we appreciate your work on behalf of our great country and wish you good luck in future endeavors.

#### SEQUESTRATION

I wanted to start by just highlighting our efforts to ensure that as sequestration has impacted various levels of government, the one area that made no sense was the impact on the fees from industry that partners with the FDA. And when those fees were sequestered, they basically could not go to pay down debt. They could not go to the FDA. They would just sit in an Al Gore-style lockbox, for a better term.

And I know that we worked to ensure that that would not happen again, and I want to make sure that the Committee is aware we need to continue to keep those provisions in law and in our ongoing bill to ensure that we do not get those fees locked out and cannot go back to the industry or the FDA. It makes no sense.

#### BIOSIMILARS

I want to ask you a little bit about biosimilars, and I know that there was legislation passed in Congress to create an abbreviated licensure pathway for biological products that are demonstrated to be biosimilar or interchangeable with an FDA-licensed biological product.

FDA officials have stated several times that we would see a pending guidance on biosimilars before the end of the year last year. Can you inform the Committee when we can expect to see a guidance on interchangeability, naming, labeling, indication, extrapolation—when we can expect the FDA to release guidance on these key public health issues related to the implementation of biosimilars?

Dr. HAMBURG. Well, there has been a lot of work, as I think you know, in the biosimilar area, and it is very important in terms of making very critical drugs available to more people.

And the ability to create a biosimilar pathway has been a priority for us and a huge amount of work has been done, including a lot of communications with industry about how to develop biosimilar products, lots of meetings with prospective companies. And we have, as I think is publicly known, received some applications as well.

So it is going forward, we actually expect, very soon. I am always warned not to be overly optimistic, but very soon to be putting out some important guidance and decisions on biosimilar-related issues. So stay tuned.

#### E-CIGARETTES

Mr. YODER. We will be watching. I also wanted to make note of a conversation we had in the Committee last year regarding e-cigarettes and the emerging growth in that industry.

I think both the industry and public health organizations are interested in the FDA's thoughts on the science, recommendations,

and regulations that would ensure that children are not getting these products, and that we understand the potential risks or how these may be less risky than other alternatives. So we are looking forward to that, and we have had conversations about that in the past. We are looking forward to your scientific-based regulation and information on that.

#### CIGARS

I did want to come back to an issue we discussed last year as well regarding the cigars and the tobacco regulations that the FDA is currently engaging in, and those of course would be a variety of issues. One would be e-cigarettes. One would be cigarettes in general. There are all sorts of issues that are coming down.

But on the issue of cigars, I have had concerns raised from local small businesses in my community that the one-size-fits-all model that would be used to apply cigars to other tobacco products would have a dramatic impact on their ability to conduct business. And I have heard words like “devastation” and “putting us out of business.” And I know you have to balance public health concerns with specific items and to ensure that we are providing all the protections that Americans expect from the FDA.

But I wonder if you could describe to the Committee the efforts that the FDA engages in to ensure that the impact on our small businesses at home, that you are taking that into consideration to ensure that those ideas will be represented in your effort. And in particular, these folks are talking about having to put their cigars in cases, and not let folks touch them, and just lots of things that would be inconsistent with how they do business. I wonder if you could discuss that for us.

Dr. HAMBURG. Well, as I think you know, we issued a while back a proposed deeming rule, which would give FDA the authority to regulate a broader range of tobacco products than were specifically mentioned in the tobacco law that was passed and signed into law back in 2009.

That obviously would include e-cigarettes. But in that, we also addressed cigars, both little cigars and flavored cigars, but the premium cigars. And we specifically did ask for input on premium cigars in terms of what is known about their use, their health impact, and more information about the context of premium cigars.

And we received a lot of comments back, not surprisingly, over 135,000, I think someone noted already, overall to the proposed deeming rule. So we are going very carefully through that and trying to add the new insights that we have gotten from the comments in many areas, but also specifically in the premium cigar area, to what information we already had. And we will be integrating that in and coming forward with a final rule soon.

But as part of rulemaking, we always do an economic analysis as well, looking at the benefits and the costs of the rulemaking that we are undertaking.

Mr. ADERHOLT. Ms. Pingree.

Ms. PINGREE. Thank you, Mr. Chair.

## LYME DISEASE AND LDTs

Thank you again for being here today. I want to ask you a question about Lyme disease tests. Coming from New England, and particularly as Lyme disease spreads more rapidly into some of the Northern New England States—Maine has seen a very high incidence in the disease and has many concerns about the handling, the treatment, the diagnosis of the disease.

I want to say I share some of the Administration's concerns about the changing nature of laboratory-developed tests and stories we have heard about false reports or questionable interpretations. Many of us have heard about these from our constituents.

I am glad to be revisiting the issue of their regulation in light of the expanded rule that LDTs now play in our healthcare system. But I am also concerned about how the FDA's exercise of authority in this area is going to impact patient access to new testing technology.

For example, I know that there is a great deal of attention that has been paid to LDTs for Lyme disease, and questions about the accuracy of unapproved tests. I agree that having accurate and reliable test results is certainly critically important, and the risks associated with inappropriate or delayed treatment are grave.

I would also like to mention that the accuracy of the two-tiered testing system recommended by the CDC and cleared by the FDA is far from perfect. Both tests, and I am talking technically out of my range here, but the ELISA and the Western blot have the potential to yield false results.

In light of the lack of certainty about current testing methods, I do not blame people who have symptoms of Lyme disease for looking at other options in order to find out what is making them sick. So with that in mind, just a couple of questions about the oversight framework for the LDTs.

How will you ensure there is a level playing field that will ensure that effective new tests will be available to consumers without unnecessary delays? And can you detail how the Administration currently monitors adverse events from existing Lyme tests and how these adverse events are addressed?

Dr. HAMBURG. Well, as I think you probably know, we are in a process of reviewing the oversight of LDTs, an area where we over a period of many, many years exercised enforcement discretion because laboratory-developed tests, when FDA first got authority to regulate diagnostics, were mainly tests that were developed within a laboratory in a given facility for use in that facility, sometimes as a part of research and sometimes care. But they were relatively simple tests and they were not being marketed elsewhere.

Since that time, the world has changed dramatically and laboratory-developed tests are now being developed and marketed broadly. They are often much more complex diagnostic tests that are being used as the basis for really critical medical decisions. And there is an increased number of these tests as well.

So we felt it was a critical time, based in part because we were getting more and more reports of faulty tests, tests that did not do what they said they did. And we think that to serve the American people and their health, we need to make sure that diagnostics

that will then lead to critical medical decisions about treatment, about other potential risks or activities, need to be overseen in terms of both analytical validity and clinical validity.

So we have proposed a risk-based, phased-in approach, really focusing on the high-priority laboratory-developed tests. And our goal is to have a level playing field, to have any test that is used for a critical medical decision to be demonstrated, to do what it says it does, and to be accurate and reliable.

And we feel that, actually, that will help to support innovation because that is the criteria the American people want. And it certainly is not good for anyone to have one set of product developers going through the FDA oversight and demonstrating that their diagnostic works, and others being able to just make the laboratory test without that same degree of rigor.

So our goal is really not to try to make fewer tests available, but to just work with the producers of these tests to have them provide the data that is needed to do the assessment. But the critical thing is that we are in a process of learning more. We did a proposed guidance, and now we are responding to the comments that came in.

The comment period closed on February 2 of this year, I think, and we did get a lot of comments, many detailed comments. And we have spent a lot of time listening to stakeholders and hearing different perspectives. And we will proceed, but with the best interests of the patients in mind, and with the desire to be able to support new and better tests that will make an important difference for health.

Ms. PINGREE. Great. Well, thank you for your answer. And my time is up, but I will just again reiterate I have learned a lot about this process, and I appreciate that you are looking into how to make sure it is a level playing field. And I know when it comes to diseases like Lyme, which are very hard to diagnose, people want all the tools available to them, and then they want to know that they are accurate. And that is important.

Dr. HAMBURG. And my colleagues just sent me a note, if I may, just to underscore that because the patient is our focus, that as we have been thinking about this problem, when there is an unmet medical need and there is not an approved diagnostic through the traditional pathway, we would exercise enforcement discretion for LDTs in that domain.

But we certainly have been concerned about the problems you outlined with Lyme disease and other diagnostics, where patients have not been well served.

Ms. PINGREE. Thank you.

Mr. ADERHOLT. Dr. Harris.

#### OLYMPUS SCOPE

Mr. HARRIS. Thank you very much, Mr. Chairman. And thank you, Dr. Hamburg, for coming before the Committee. Just some brief questions on a variety of topics.

There was actually an article on CNN this morning about the Olympus scope. I understand where it changed in the elevator channel, and they probably thought they were doing something

good. It turned out it was something bad. I think prospectively probably no reason to know that, but we do know that now.

What changes, if any, did this case—make to our device approval process? I think, pretty clearly, Olympus felt this was an improvement. It turned out to be detrimental. Is there a way we can change the process? Briefly, if you could—

Dr. HAMBURG. I will try to be brief. This is a complex topic, and we would be happy to come and give you a full briefing.

I think it is important to first frame it that duodenoscopes are very important medical devices addressing serious problems and lowering risk for patients overall by doing the endoscopic approach as opposed to open surgery.

Dr. HARRIS. Sure.

Dr. HAMBURG. And there are about 500,000 of these done a year to benefit patients. In the case of these duodenoscopes, in the very nature of the task they are trying to do in ERCP and getting into the biliary tract, the design has this intrinsic complexity of the elevator mechanism.

The issue you are talking about that was on CNN today, I think, is not a clearcut issue. There are three products that are in the marketplace now. Olympus has the majority of the market share. But all of them had been approved through the 510(k) process originally. Two of the products had a closed—

Dr. HARRIS. Channel. Right.

Dr. HAMBURG [continuing.] Channel. Olympus' 510(k) was originally with an open channel, and they began to manufacture with a closed channel, I think reflecting the sense that that might help—

Dr. HARRIS. Sure. It might actually help. So do you think we need to change the approval process shortly?

Dr. HAMBURG. Well, what is complicated here is they thought they were coming into alignment with the other products in the marketplace that were closed. They did not realize that it was a substantial modification, from the FDA perspective, that would require them coming to us for a 510(k). As soon as we learned about this problem, we told them that did need—

Dr. HARRIS. To apply. Okay.

Dr. HAMBURG. [continuing.]—To apply. They initially disagreed. There was back and forth. But now they are applying.

Dr. HARRIS. Thanks. And I do not have time for you to get into any more of it. I have got a variety of questions.

Dr. HAMBURG. Yes.

#### HYDROGENATED OILS

Dr. HARRIS. The next two, or three, really, deal with some scientific evidence. One is on partially hydrogenated oils. My understanding is that the FDA had announced a tentative determination to ban all partially hydrogenated oils. And my understanding is that there may be something coming out that would give only a year for a transition to eliminate all partially hydrogenated oils.

But the scientific evidence is that below a level of 2 grams a day—or, I am sorry, 2 percent total energy a day, which is 4 to 5 grams per day—the evidence is not good that you are achieving

anything, that in fact, like a lot of things, if you take a whole lot it is bad for you, but a little bit is not bad for you at all.

So there are industries like the baking industry that uses partially hydrogenated oils which would be severely handicapped by a one-year process. I do not bake, but my understanding is that the oils you use are very important, and that changing over to a new oil is not easy.

A simple question: Why just one year? We have lived with partially hydrogenated oils. We have decreased the consumption by 75 percent over the past 10 years. Why rush to this? Why not give a couple years' transition, a two- to three-year transition?

Dr. HAMBURG. Well, partially answering Congressman Yoder's question also about the analyses we do, we have been working closely with the industry and hearing their concerns about product reformulation and access and use of other oil substitutes, et cetera.

We are not locked into a phase-in period. We think, based on the available science, that decreasing partially hydrogenated oils to as close to zero in the diet as we can get and using other oils instead would be extremely—

Dr. HARRIS. Well, I would appreciate you just to show me the studies that show that decreasing it to near zero is a substantial decrease in risk from, as I said, the 2 percent energy or 4 to 5 grams a day.

#### SODIUM INTAKE

Finally, in terms of salt, intriguing article last year in New England Journal of Medicine from the PURE study. Look, I grew up learning in medical school, yes, salt is bad, and you tell everybody, eat a little less salt. Yet that study actually indicates that if you are a healthy person, you actually have an increased cardiovascular risk of salt restriction.

That is not clear. I think the party line is that salt is bad and decreasing salt is good. But it appears that is not really true. Is the FDA thinking about working with the Dietary Guidelines to admit there is actually real uncertainty about which category of patients benefit and which actually may be harmed by limiting sodium intake?

Dr. HAMBURG. Well, I think that there is a very large body of evidence and literature that supports the value of reductions in sodium from the average intake of Americans today. There have been some studies that have raised questions, and it is very hard to realistically do some of the studies that might definitively show the one-to-one causation because these are cardiovascular risk, and risk of stroke is very multi-determined.

But we do know a couple things—that most of the sodium that people take is from processed food, not from the salt shakers, and that if we are going to make a difference, we do need to look at that source of sodium. And we do know, as I said, that there is a very large body of literature that shows that reducing sodium has significant meaningful impacts on hypertension and other risks.

So I think that we are deeply involved in examining the science. I mentioned our new center director for the Center for Food Safety and Applied Nutrition. She is already deep into these issues and reviewing all of the more recent studies as well.

But I think that we should not, because of a new study or a suite of studies that have come out, fail to look at the full body of evidence. And I think that we are, as I said, committed to making sure that we look at all the data, evaluate the quality of the science, and make our decisions based on what we feel, with input from a large number of stakeholders and subject matter experts, make the best decisions that we can make.

So it sounds like we need to come up and do some briefings with you on a couple of topics where your medical background may lead you to have some special expertise and interest.

Dr. HARRIS. Thank you very much. And thank you, Mr. Chairman.

Mr. ADERHOLT. Ms. DeLauro.

Ms. DELAURO. Thank you very much, Mr. Chairman. And Commissioner, I apologize for being so late. But Secretary Duncan is next door at Labor, Health and Human Services, and Education. So we are tearing up the hallway here.

But first let me say to you that I read your testimony, and I just want to say one thing, where you say that FDA is: "A science-based regulatory Agency charged with an enormous and significant public health mission to promote and protect the health of the American people. Our goal in carrying out of mission is to ensure the safety, effectiveness, and quality of medical products as well as the safety and security of the vast majority of our Nation's food supply." And you go on.

But I want to say to you, thank you. Thank you for restoring the mission, the original mission, of the Food and Drug Administration. And you have worked tirelessly to make sure that that scientific and regulatory effort has come together for the benefit of the people of this country. We owe you a real debt of gratitude. And my personal thanks to you for all that you have done.

I am also happy to say hello to Dr. Susan Mayne of Yale University. Yes? Here we go. The new director of CFSAN, and your own science background will indeed lend so much to the direction that we need to go to instead of dealing with anecdotes, but deal with the science.

#### FOOD SAFETY MODERNIZATION ACT

Let me ask a question. You know that, Commissioner, I have been a strong supporter of the Food Safety Modernization Act (FSMA) for many years, and I am excited that the pieces are falling into place this year. And now you have made a substantial budget authority request, as we asked you to do. We asked you to do this.

The consent agreement requires you to implement the rules. You have been incredibly transparent with your budget materials and in your communication with this Committee. To some extent, the ball is in our court now. So let me ask you: What happens if you do not get the funding that you need in 2016? How will that affect public health? How will it affect growers and food makers who rely on the certainty of the rules that you have published and the law that we passed?

Dr. HAMBURG. Well, it is such an important question, and is certainly one of the great worries that we have because this is such

an important new law, and implementing it right matters to everyone.

If we could not get the resources that we need, we will not be able to undertake a set of really critical activities that will ensure a smooth, effective, and efficient implementation and the realization of the benefits of a system that in fact is based on prevention, a system that is based on partnership, leveraging resources at the local, State, Federal, and international level, and one that recognizes that the food safety system is far more complex than it has ever been, with a hugely increasing volume of imported food coming from countries around the world that do not have the kind of oversight and regulatory systems that we have to protect American consumers.

So we are asking for this money to do an important set of tasks—to modernize our inspection system and do training necessary to have efficient, appropriate inspections; to do technical assistance and work with companies so they know what is expected and how to, in a streamlined way, implement this new law and be compliant.

We need to give the States resources so they can be our partners in a national integrated food safety system, and do training and technical assistance with them as well so that we have a coherent and aligned program. We need to work on the import side with the foreign supplier verification program so that we can raise the standards and oversight overseas so that we have a level playing field for American firms and we have assurances of quality and safety for the American people.

Ms. DELAURO. Also to protect our growers. Protect our growers.

Dr. HAMBURG. Protect our growers and protect our consumers. And also, we are trying to move as much as we can to using more risk analytics to streamline our systems for prioritizing high-risk and lower-risk products that benefit industry so that companies with good track records and performance can move through the import process more quickly while, when there have been problems, we focus on those, or we have reasons to have concerns.

So it will disrupt what could be a very smooth and efficient implementation process that would benefit all and create a fragmented effort that will not enable us to realize the benefits of FSMA, and it will not enable us to assure industry the benefits that they are looking for as well.

Ms. DELAURO. My time is over. Let me put this out there, if you can get back.

FDA is under court order to issue the regulations necessary to implement the Food Safety Modernization Act. The rule's preventive controls for human and animal food, produce safety standards, and the foreign supplier verification are essential to implementing the law. And you can get back: Will the FDA meet these court-imposed deadlines, and what are the hurdles to meeting the deadlines? So that we know and can be helpful in this regard.

Dr. HAMBURG. Thank you. An important question. I will be quick. We are committed, both because it is the right thing to do and because we are under court order, to getting those regulations finished on time. We took it very seriously to develop those regs with the right stakeholder input, and we took time and listened

and learned. And I think that the final regs will reflect the best possible understanding of how to implement this law right.

But we will get it done. And it has taken an enormous amount of effort, a lot of redirection of our FDA employees from other important work to get this job done.

Ms. DELAURO. Thank you very much. And again, our very best wishes are with you. Thank you.

Mr. YODER [presiding]. The chair is now ready to welcome the distinguished Ranking Member to the Committee, and would recognize her for her comments and questions.

Mrs. LOWEY. Thank you so much, Dr. Hamburg, for joining us. And again, I apologize. As you probably heard, we have four hearings at the same time this morning. So it is a delight to be Ranking Member, but with that comes responsibilities, and I do apologize for being late. And I also want to take this opportunity to thank you for your outstanding service, and I do wish you well in the next chapter of your career. Thank you.

#### COMPOUNDING

As you know, the FDA recently released draft guidance concerning the compounding or repackaging of biologics. The issue of drug compounding is of critical importance to our public health, particularly for injectable medication. So it is vital that patients receive safe and effective products that are manufactured to the highest standards.

When can we expect the final guidance on compounding to be issued? Will the final guidance maintain the intent that there should be a single set of standards that all manufacturers of biologic products must meet?

Dr. HAMBURG. Well, we have been working very hard since Congress passed DQSA to implement it and to build on other work we were doing with respect to the compounding pharmacy issue. We have already put forward quite a number of guidances and taken a lot of relevant actions in terms of outlining a number of critical issues around GMPs, good manufacturing practices, fees, adverse event reporting, et cetera. But we have more work to be done.

We recently held the first meeting of the Advisory Committee, which is going to be very important to us, and I think we have got a good, strong group with diverse points of view, but important to inform our decision-making as well. So I am not sure exactly which guidance you are referring to, but I would say that an extraordinary amount of work has gone on in a very short time as we try to build up this program.

And in particular, I think your focus is on the outsourcing facilities, which is created as part of DQSA 503(b), to create a new category of facility, outsourcing facilities, where companies can choose to register with us, be subject to FDA oversight and regulation for the manufacture of sterile injectables.

And I think that those products will reflect a level of quality and benefit for patients that will be much desired, especially when we look at the current environment and all of the many problems that we have seen with sterility practices in certain compounding pharmacies.

## E-CIGARETTES

Mrs. LOWEY. E-cigarettes. These stores are popping up everywhere. And we know cigarette products are regulated by the FDA. Only e-cigarettes that are marketed for therapeutic purposes are currently regulated by the FDA.

I have been in and out of those stores, and I am concerned that new tobacco products on the market may be able to do serious harm without being regulated by the FDA. How would the budget request support increased research and supervision of tobacco products? And have you been doing any work on these new e-cigarette stores that are opening up?

Dr. HAMBURG. Well, it is such an important question, such an area in terms of public health. We have a major set of activities going on, not part of the budget request because our Center for Tobacco Products and our tobacco program is fully funded by industry user fees.

But I think it is important to note that with e-cigarettes, which is an emerging tobacco-related product, there are a lot of open questions and a lot of differing points of view about their risks and their potential benefits in terms of an alternative to combustible cigarettes.

When the Family Smoking Prevention and Tobacco Control Act was passed in 2009, it only specifically gave FDA the authority to regulate, cigarettes, cigarette tobacco, smokeless tobacco, and roll-your-own, but said we could expand our own authorities through regulation.

We recently did put forward a proposed deeming rule in that context to extend our regulatory authority over tobacco products, some of which were not even much present in the marketplace when the law was first passed. And that would include giving FDA the authority to regulate e-cigarettes. We got over 135,000 comments on that proposed deeming rule, which we are going through now, but will be finalizing. And that will then lay the foundation for regulation in certain areas, including e-cigarettes.

I also want to underscore that we have invested a lot of resources in expanding the research base around e-cigarettes and other aspects of tobacco products, tobacco-related behavior and use, the ingredients in tobacco products, and of course the health impact of tobacco products.

And in that regard, a lot of important work is currently going on around e-cigarettes to better understand them. And that will obviously be a huge contribution to our regulatory work and also to our understanding of this really important public health issue for the broader American people—and frankly, for the world because I think we have been funding the most advanced research program anywhere.

Mrs. LOWEY. So at this moment, the e-cigarette stores can keep multiplying?

Dr. HAMBURG. They are not subject to FDA regulation.

Mrs. LOWEY. Are they subject to anyone's regulations? I guess not.

Dr. HAMBURG. States and localities have established their own regulatory frameworks in some instances. But we think it is very

important that we finalize the deeming rule in a timely way so that we can begin to have regulatory oversight of the e-cigarette products and other products as well.

Mrs. LOWEY. Thank you very much.

Mr. YODER. Mr. Young.

Mr. YOUNG. Thank you, Mr. Chairman, and thank you for being here. Appreciate you coming.

#### GMOS

Ranking Member Farr mentioned GMOs, and I wanted to pick up on that. As you know, there has been a push by some States and some consumer groups to label foods with any GMO ingredient. Recently the National Association of State Departments of Agriculture passed a resolution supporting a national uniform labeling policy of foods derived from GMOs and reasserting the FDA's food labeling authority.

Do you have plans to mandate GMO labels, even though these foods are proven safe and can help end hunger around the world?

Dr. HAMBURG. Well, historically the FDA's position in terms of its responsibilities around labeling have really been to address our mandate, which is that we prohibit false and misleading labeling. There needs to be a demonstration of a material change to the product.

In the case of GMO—we like to say genetically engineered products because they are not organisms—we do not see, and actually the courts have supported this position in the past, that mandatory labeling would be indicated or appropriate if there is not a material change to the product. The process itself is not that.

If the genetic engineering process changed the nature of the product—for example, if it was an oil and it no longer fried in the same way—or if it introduced something that was a material change, and particularly if it could represent a risk, like introduced a peanut antigen that someone would not expect in that product but could cause harm in someone who was allergic to peanuts, then that fact would have to be indicated on the label, not that it was genetically engineered but the nature of the material change to the product.

We do understand that many consumers want to know what is in the foods they eat, and we support individual companies that want to voluntarily label their products to do so. And we are working on a guidance to industry with respect to voluntary labeling of genetically engineered products, starting first with plant-based products. So I hope that answers your question.

Mr. YOUNG. Thank you. A lot of us are trying to fight that misconception about GMOs and GEs, that they are unsafe. What can the FDA do to help combat this misconception?

Dr. HAMBURG. Well, as has been noted, we really do strive very hard to look at the science base for our decision-making, and we apply that in the area of genetically engineered foods as well.

#### SINGLE FOOD SAFETY AGENCY

Mr. YOUNG. My next question touches on an issue a lot of livestock groups are concerned about: the proposal consolidating the USDA FSIS and the FDA's food safety inspections into a new agen-

cy at HHS. The thought is: Is HHS the most appropriate agency to head food safety, with it not having that kind of inspection experience as other agencies have had?

Can you comment on your current food safety mission and the interactions or overlap between the two agencies? Have you looked at potential efficiency gains that can be achieved under the current two-agency system?

Dr. HAMBURG. Well, as you know, USDA and FDA are the two largest organizations—we are an agency, they are a department—involved in food safety. We are responsible for 80 percent of the food supply and they are responsible for about 20 percent of the food supply. We do everything, basically, except meat, poultry, and processed eggs.

But there are many other components of government that actually are involved in food safety as well. It has been historically a fragmented system, and people have talked about the need for better integration over time. And I think it is a discussion worth having in terms of how can we best align the different components of government that are involved in food safety, and what kind of an organizational structure would be necessary to best support that.

I think it is very interesting to look at what we are doing in FSMA, and implementing the Food Safety Modernization Act is one example of how we can work together effectively. We recognize that while we have a huge amount of inspectional experience in the food area, we have not been on the farms nearly as much as USDA. And there is a huge amount of experience, expertise, and trust in the grower community of USDA.

And so we have worked hard with USDA, as we have begun to develop our regs for FSMA and then as we move into the implementation phase, to take advantage of their expertise and their role in the communities, and to work in partnership. So we are in different agencies. We have different legal/regulatory frameworks for our work. But we are working in partnership to try to get the job done.

Mr. YOUNG. Thank you. I believe my time is about up. Can I get 20 seconds, Mr. Chairman?

Mr. YODER. Fifteen.

#### MEDICAL MARIJUANA

Mr. YOUNG. I want to follow up on Mr. Farr's issue regarding medical marijuana.

You talked about some other agencies and groups that have done studies on medical marijuana. Has the FDA ever done any research or studies on medical marijuana, and is that public? Do you need a mandate to do those studies?

Dr. HAMBURG. Well, we do a variety of different types of research. We do not generally undertake clinical studies of any drugs that are in development. That is usually undertaken by industry, often undertaken by industry in conjunction with private research.

Mr. YOUNG. So no clinical studies. Have you ever looked at the issue?

Dr. HAMBURG. No. As far as I know, we have not been involved ourselves in conducting clinical research on marijuana. We have

been involved in reviewing clinical research proposals for potential products that include components of marijuana.

Mr. YOUNG. Well, they are out there, if you have been to Colorado.

Thank you very much, Mr. Chairman.

Mr. YODER. The Chair recognizes Mr. Valadao.

Mr. VALADAO. Thank you, Chairman.

#### FSMA

I appreciate your taking some time out for us today. My first question is about FSMA. FSMA enables FDA to better protect public health by strengthening the food safety system and empowering the FDA to overhaul the existing program. This Subcommittee has provided a considerable amount of funding to support the implementation of FSMA. Commissioner Hamburg, could you please tell us how some of this additional funding has been used by FDA to implement FSMA?

And you and your staff have visited many farms in California. And based on your meetings and experiences with farmers, how do you interpret their feelings about FSMA implementation, and do you believe they are confident that their input will be received?

Dr. HAMBURG. Well, answering your second question first, a number of us have spent time on farms across the country, including in California. I had actually the opportunity to go with Congressman Farr to his district and visit a number of farms and meet with the leafy green producers in particular.

I would say that we have learned an enormous amount from those visits, both about what are best practices that we want to build on rather than reinvent the wheel, and also about the realities of implementation and how we can address a set of concerns that would make the implementation more cumbersome in ways that achieve all of the goals but understand more clearly where are the opportunities to reduce risks by changes in practice.

So the visits have been enormously helpful. And as a result of some of our visits, our town halls, our discussions, and input, we actually put forward four supplementals in our rulemaking process that reflected changes in thinking in response to input so we could make the best rule possible.

With respect to how have we used the resources already, we have been working flat out to meet the requirements of FSMA and to get these rules done and to get them done in the most responsible way possible, which has not been just sitting at our desks, as I was just describing to you, but really going out and walking the fields and the processing plants and other things to understand the issues, to hear the concerns, and have those integrated into our final approach.

And I would say that we did not start to implement FSMA replete in terms of resources. We were already at a deficit. When FSMA passed back in 2011, our Center for Food Safety and applied Nutrition had fewer employees in it than it had 20 years before that. So we redirected employees. We galvanized everyone. We had them, sadly, working through the Christmas holidays two years in a row in order to meet deadlines and achieve our goals.

But we do need real money to get the job done. And I think that, as I said—

Mr. VALADAO. Thank you.

Dr. HAMBURG [continuing]. If we make this investment, it will benefit all.

#### BIOSIMILARS

Mr. VALADAO. And I also want to echo Representative Yoder's comments on biosimilars. That is an important issue, obviously, for us in California as well and a lot of folks that create a lot of jobs there. So it is something that I would like to echo.

#### SUBSTANTIAL EQUIVALENCE

I also wanted to touch on another issue. According to the September 2013 GAO report, over 3800 substantial equivalence applications have been submitted as of January 7, 2013. My understanding is that today the number of applications is nearly 4500, of which only 95 have received final action.

Do you feel that this amount of backlog is acceptable? Is there a reason that the Agency is not using its unobligated user fees for clearing this backlog, as is in the case of tobacco? And is there not a statutory deadline for FDA to issue a substantial equivalence order or for the FDA to grant or deny the exemption request? Given the delays in FDA's implementation of the time-sensitive application process procedure, do you feel that such a deadline should be imposed?

Dr. HAMBURG. Well, first let me say this is a very new program. We just stood up the center a few years ago, and it has been expanding rapidly. And this is a whole new area of undertaking, never done anywhere in the world before. And we are moving much more efficiently as we learn more about what to do and how to do it.

I do want to turn, if I can take the liberty of asking Mitch Zeller, Director of the Center for Tobacco Products, to respond because he is much more familiar with some of the details, and I think in order to give you the best answer possible.

Mr. YODER. Is there objection? [No response.]

Mr. YODER. Without objection. Please, sir, go ahead.

Mr. ZELLER. Thank you so much for the question, Mr. Valadao. Here are the numbers.

There are applications for products that are already on the market that we have made a lower priority than the applications for the products that are not currently on the market. For the applications for products that are not currently on the market, there is no backlog. As soon as a new application comes in, we commence a review immediately.

And of the roughly 1,000 of those applications that are for products not currently on the market, we have resolved over half of them, and that is from zero a couple of years ago. We are up to either saying yes, saying no, or a company withdrawing them. So we are at 52 percent resolved, and there is no backlog for new applications coming in.

Mr. VALADAO. Thank you. I yield back.

Mr. YODER. Mrs. Lowey.

Mrs. LOWEY. Well, thank you.

#### DIETARY SUPPLEMENTS

On another area, you probably do not know, but labeling has been a key issue of mine. It took me a long time the first time trying to get labeling on products. The FDA requires verification that products are safe and have adequate labeling, but unlike medications, supplements are not subject to the same evaluations process as medication.

Now, in my home State of New York, a recent investigation found that 21 percent of the test results from store brand herbal supplements contained traces of the plant species listed on its label. The remainder, 79 percent of supplements tested, showed no DNA relationship with the plant listed or had contamination of other plant material.

I am really concerned about what that means for those with allergies who may not know that supplements they consume may be contaminated by other substances which could cause the individual great harm. Should supplements, in your opinion, be evaluated at a higher standard? How should labeling standards be improved to make sure that allergens are properly declined?

Dr. HAMBURG. Very important questions. And I think many Americans are actually surprised to learn that dietary supplements are not subject to the same premarket review and approval process that drugs are by the FDA. We do have responsibilities with respect to claims and oversight of good manufacturing practices, and it is required that companies report serious adverse event reports to us.

So we do monitor dietary supplements, and we are, sadly, called to action in terms of enforcement periodically because of findings that dietary supplements contain unapproved drugs, various kinds of contaminants, or are making claims that are false and misleading.

The challenge is increased by the fact that many, many dietary supplements are now coming from countries all over the world, subject to these complex supply chains and increasing vulnerabilities to substandard contaminated or adulterated product. So it is an area that I think we are concerned about, and we continue to act within the responsibilities that we have been given for oversight of dietary supplements. And certainly when we hear of concerns, we respond.

Mrs. LOWEY. I appreciate it. But the question is, should they be evaluated at a higher standard, and is it the responsibility of your Agency? It is not now, I gather. Should it be, and is there something we should do about it or could do about it?

Dr. HAMBURG. It is not now, and I think that there are concerns. And we want to work closely with industry and the responsible players in industry to see how we can ensure a higher level of quality. But we do not have the authority for premarket review. We certainly do not at the present time have the resources, either, but that is a discussion that certainly Congress could undertake in light of some of the concerns that have emerged.

Mrs. LOWEY. So in order to change the standards and to expand your authority, Congress would have to give you directive? Is that what you are saying?

Dr. HAMBURG. Yes. We do not have the authority for premarket review and approval. And it would be a very large new set of tasks for us, but certainly these products—

Mrs. LOWEY. But should it be done, now that you are leaving and going on to other things? [Laughter.]

Mrs. LOWEY. Not that I am trying to—

Dr. HAMBURG. I have seen very serious concerns. And I think that there are a set of very reputable manufacturers out there. But especially in a globalized world, the quality of products is clearly inadequate. And I also do believe that there are the so-called snake oil salesmen out there as well that are pushing products with claims that simply do not reflect benefits to consumers. And consumers are spending a lot of money on these products.

Mrs. LOWEY. So we will work on that. So in other words, you think it would be a good idea.

Dr. HAMBURG. I think it should be examined. This comes up on a regular basis.

Mrs. LOWEY. Oh, I remember. Thank you very much, and thank you, Mr. Chairman.

Mr. YODER. Thank you. Dr. Harris.

#### COMPOUNDING

Dr. HARRIS. Thank you very much. I guess this is the lightning round.

First, in terms of drug shortages, I just want to bring to your attention one concern. As an anesthesiologist working in an operating room, the USP 797, the compounding regulation with the one-hour rule, does not make any exception at all for things done in an operating room, which is a sterile environment, different situation.

Has the FDA done anything or plan to work with USP to create an exception with regards to certain environments with regards to the safety of compounding?

Dr. HAMBURG. No. I do not know the answer to the question, so I will be quick. We will get back thank you.

[The information follows:]

FDA has several staff participating as liaisons in the USP Compounding Expert Committee's efforts to revise USP Chapter 797, *Pharmaceutical Compounding—Sterile Preparations*. The intent of all involved is to improve standards for pharmacy compounding, and especially for aseptic practice, where we have seen so many issues.

Dr. HARRIS. You can get back to me. I appreciate that.

And we talked in my office about drug shortages. Again, anything you can do to help because in the operating room environment, there are several drugs that we do not have ready availability to on occasion.

With regards to the e-cigarettes, just a couple of followup questions. Is harm reduction potential going to be part of consideration when you look at product approval or not? Because there is some evidence that in some populations, people do give up smoking and use e-cigarettes. So there is some benefit. There might be risk, but

there is some benefit. So I take it that that harm reduction potential is taken into consideration under certain circumstances.

Dr. HAMBURG. And there actually is—Mitch can correct me if I am wrong—a pathway for companies to actually seek a reduced harm label.

#### SUBSTANTIAL EQUIVALENCE

Dr. HARRIS. And with regards to the substantially equivalent product consideration, GAO, as you know, has issued a report very critical of the backlog. Is that something you are working through?

Dr. HAMBURG. Well, that is. And I thought that Mitch gave a very—I do not know, you may not have heard—but a very nice overview of the progress that has been made, and that there actually are not backlogs in some of the critical areas that were present earlier. This was a program that was being started from scratch, and we had to build—

Dr. HARRIS. Sure. No, I understand.

Dr. HAMBURG [continuing]. And the procedures. But I think it is—

#### TROPICAL DISEASE PRIORITY REVIEW VOUCHER

Dr. HARRIS. Keep going. The Tropical Disease Priority Review Voucher Program obviously increased the tension because of Ebola. Are you considering adding diseases to the program, and has the FDA begun work to add diseases to that program?

Dr. HAMBURG. We are very, very eager to continue to advance new antibiotic development, and particularly for under-met medical needs, including tropical diseases. And as you know, we are seeing diseases moving slowly but steadily into the United States and becoming endemic in many cases, and ones where we badly need treatments or vaccines.

The process for the priority voucher may be one where actually—I think the list may be statutorily defined. There is another process that we have been using and we think has been working very effectively, which was part of the GAIN Act, in terms of qualified infectious diseases that creates a program to incentivize companies to develop new products in that area.

And we have, I think, designated over 60 in that program and approved four new drugs. That was part of FDASIA, so it has only been in existence for a few years. So I think that is another very viable option for how to get more of these drugs developed and into use.

#### THREE-PARENT EMBRYO

Dr. HARRIS. Thank you. Finally, one thing that was asked in last year's testimony—I was not on the Subcommittee last year—was about the whole three-parent embryo issue. Obviously, some ethical concerns. That will be discussed elsewhere. But the U.K. Parliament has approved it.

Has the FDA received a request for approval here or for guidance of similar techniques? Are you considering further hearings or actions? Where does that stand?

Dr. HAMBURG. Yes. Well, I think the U.K. Parliament approved it for research. We have had an approach on this technology, and we did hold a public meeting I think some time last year where issues of science and ethics were discussed.

We subsequently asked the Institute of Medicine at the National Academy of Sciences to actually look at the ethical issues because we do not think that the FDA is the right place for that, but we think they certainly need to be examined in some depth.

So it is certainly a technology that is being examined. We will learn more from the U.K. experience. We await the input from the Institute of Medicine.

Dr. HARRIS. But has FDA received a request for approval or guidance at this point from anyone?

Dr. HAMBURG. Well, we have received inquiries about the development of research in this area, and that was what led to the public meeting that I mentioned.

Dr. HARRIS. And do they intend to have more meetings as this develops?

Dr. HAMBURG. Well, I think we are taking it one step at a time, and we need to look at both where is the science—this is for an approach that would enable women that have a mitochondrial disease that can be passed on, that would be passed on, to their offspring to have—

Dr. HARRIS. Oh, I understand the science. Thank you very much. I yield back.

Mr. ADERHOLT [presiding]. Before I go to Mr. Farr, let me just add—and thank you, Dr. Harris, for bringing this issue up because I am hearing more and more about it. And I think it is important that FDA does consider the ethical considerations of this three-parent embryo because from my colleagues I am hearing more and more concern about this. So I would encourage you to take that very seriously as we move on, and we may think of some ways that we can work together on that.

Mr. Farr.

Mr. FARR. Welcome to the hearing of drug du jour. I have something to ask you about, but I just wanted to—in fact, I will just go through my list and then you can respond.

First, what struck me is you remember the panic with the Ebola, of all the patients arriving here? And we just panicked. This country just—we got lots of questions at home, our offices. People were scared. And yet we have had this measles outbreak and there does not seem to be a scare. What is the difference? Why does Ebola freak us out and measles not? We have not heard the hue and cry. That is just a generic question.

The specific question on drugs is, I want to ask you about the female sexual dysfunction drug. I understand that there are 26 FDA-approved drugs for the treatment of male sexual dysfunction, but there are zero, none, for women. There also seems to be disparities in the approval process requirements for these drugs between those for men and those for women.

For example, the male drugs got all priority reviews. The female drugs all got denied. The female drugs had to go through a multitude of formal public meetings. The male drugs had none. Why

are the drugs for the female problem being handled differently than those for the male problem?

Second question. For years this Committee has asked about sunscreen approval, and for years the Committee has put strong language in the report directing the FDA to act affirmatively in moving the process along. Last year Congress passed, and the President signed, a new law on the issue. And yet this year we are at a dead stop. Why are the sunscreen ingredient applications still stuck? The last time a over-the-counter sunscreen ingredient was approved by FDA was in the 1990s.

And the third one is on medical gas, and I understand that there is a regulation and certification of medical gas. But that is still bumping around even though Congress fast-tracked them in the FDASIA bill. Can you give me a sense of when the FDA intends to finalize the regulations on this?

Dr. HAMBURG. Okay.

Mr. FARR. And I have a few more, but I will probably just put those in the record.

Dr. HAMBURG. All right. Well, let me try to answer those questions as succinctly as I can, although each of them has its complexities.

#### MEDICAL GAS

On the medical gas, going backwards, we do have a certification program in place, and in 2013 draft guidance went out that outlined how we plan to administer the process. As I understand it, there are now over 60 designated medical gas products that have been certified, but there is still more work to be done.

Mr. FARR. The problem is the industrial gases, which are dangerous. I guess this process runs into that problem. And these are for little personal packs that people carry—oxygen you see a lot of, but other kinds of medical gases that are trying to get fast-tracked get caught up in the industrial.

Dr. HAMBURG. Well, this is obviously important in the hospital setting and for individual patient needs. And it is an area that we have been working hard on. It is one of many. We talked earlier about the scope. It is incredible the range of things. And we do not have the person power always to move as quickly as we would want.

But this is an important and priority area that has gotten more attention in recent years, and so we are working diligently. And we have been working with medical manufacturers and healthcare providers and other stakeholders as we address the problem.

And we have conducted an extensive regulation review, and we have had a public meeting with followup with stakeholders to address it as well. So progress is being made, and you can see in both the number of designated medical gases that have been through the certification process and—

#### FEMALE SEXUAL DYSFUNCTION

Mr. FARR. What about the female sexual dysfunction?

Dr. HAMBURG. Well, that is more complicated because the male ones that you mention are talking about a very mechanistic plumbing kind of issue. The female ones are looking at desire. I do not

know if that is quite the right word. But we are talking apples and oranges in terms of the class of drug and what the drug is trying to achieve.

And it is a harder scientific research question to develop the product that really works. We are very open to applications, and we have been working with one manufacturer over time whose product has not yet met our standards for approval in terms of safety and efficacy. But we would be delighted if we saw more products in this area.

There are several products for painful sex, and that is another important aspect as well. But it is an area where I can assure you there is no prejudice against these products because of the nature of the product or the population that would be using them. It is a question of getting the science and the understanding of how to address the medical condition aligned with a product that really works.

Mr. FARR. But the bureaucracy is—you say it is apples and oranges. But I think the concern that we have heard is just that the protocols make it much more difficult.

Dr. HAMBURG. They are very different products that you are talking about on the male side in terms of how they work and what is trying to be achieved. Of course, many of them—you cited a large number; a lot of them are generics, not all new molecular entities.

But I think the important point is that we want to work with the consumer advocates and the stakeholder community, healthcare providers, and importantly, industry and research to try to advance the science to develop new and better products. And we want to work with anyone who is developing these products to help ensure the kind of research plan and studies that could help us really assess if it is safe and effective and appropriate for approval.

But so far, we have not seen a product that can make it over the finish line. But we hope that we will, and we want to continue to work on that.

Mr. ADERHOLT. Mr. Yoder.

Mr. YODER. Thank you, Mr. Chairman.

#### BUDGET REQUEST

Dr. Hamburg, as we consider your budget proposal and some of the increases in authority that you have asked for, new personnel, I think it is really instructive of the impact that passing legislation has in Washington; as we grow the scope and responsibilities of your Agency, it requires more personnel and more dollars to meet the demands that have been placed upon you.

And I think that sometimes it is forgotten when we debating bills on the floor, which is, what is the administrative price tag? Who is going to administer this? What is it going to cost? And I think Congress should take that into consideration more often.

One of our biggest challenges on this Committee and in Congress is how we reduce the impact of the national debt and the ongoing Federal deficit in a town in which a \$400 billion deficit is considered by some a victory because it was much higher than that before. And we know we have a lot of work to do, and it is one of my top priorities and I know my colleagues' as well.

And so we will give due consideration to your budgetary increases, but we do so under the context of the larger challenges we face as a Nation in paying some of our bills. I do note that if we accept your budgetary request, personnel will have gone up nearly 95 percent since you took over in 2009, starting at roughly 8,000-some personnel and ending up with 16,000 personnel.

Obviously, we cannot be in the business of doubling agency sizes at that rate all across government or even the FDA over time, and so we have to figure out how to do more with less. And the budget increases would be about 85 percent since your time in your position. And if we had adopted the President's budget submissions overall, the entire Federal budget would be 20 percent larger.

And so we may not be able to accept some of your requests, but I want you to understand the larger context. And I think it is also important for the committee to understand the growth in the FDA. It has been larger than most agencies, and moreso than certainly businesses and families have been able to grow at home. We do not have a lot of businesses that have doubled their employees over that time. So government cannot keep outpacing private industry.

#### OPIOIDS

I wanted to ask you a little bit about opioids and the issue related to prescription drugs. And I know that Chairman Rogers raised this issue, and I know we are looking at deterrent formulations.

And I guess I want to just know: Can we expect the Agency to approve more abuse-deterrent formulations in the coming months and years? Is the FDA facing any challenges to the timely approval of abuse-deterrent formulations that the committee should be aware of? And what is your work with manufacturers? Are they struggling with any issues where the FDA has been unable to provide clear guidance? What advice do you give them, and are they interested in providing additional abuse deterrence?

Dr. HAMBURG. Yes. Well, this is a priority for us, and we have been working very closely with industry, and the research community more broadly, to try to stimulate work in this area to come up with more innovative approaches and new strategies to improve abuse deterrence and make these drugs less subject to abuse and misuse.

We are finalizing guidance that really spells out for industry, with greater clarity, what is our thinking and how they should structure the studies that they do, and what we will be looking for in terms of assessing their abuse deterrence.

But one of the barriers is stimulating the science to come up with these new approaches, and that is really, really key, I think. Everybody recognizes that what we have now is better than nothing, but it is not abuse-proof, and that it still allows abuse through the oral—just taking the pills. And that is the most common source of significant medical complications of prescription opiate use. So it is an ongoing process. But we have been very actively involved, working closely with industry to try to stimulate new work.

Can I just say something on your other, or is that stepping on—

Mr. YODER. Absolutely. Sure. No, please.

Dr. HAMBURG. I just want to say, I appreciate completely where you are coming from. But I think it is really important to understand that the world has changed dramatically in recent years. And part of the task that I had as FDA Commissioner was really to make sure that we were positioned to fulfill our promise to the American people in a world where science has been advancing so quickly that we needed to be able to appropriately and efficiently regulate the products that come before us.

And globalization has just shifted everything. There are several hundred thousand facilities around the world in more than 120 countries making products that are coming into the United States. And we have to be able to know that those products are being made according to the standards that we hold American companies to and that the American people expect.

So this has been a very unusual time. I do not think anyone would anticipate the continuing transformation in terms of expansion of FDA. We got new authority for tobacco products, which of course is a whole new enterprise that has caused us to grow by more than 500 people in recent years.

But in terms of what we do and our impact on Americans and what we are asking the American people to pay, it is about eight dollars a year per American to support FDA activities. A very large and increasingly large percentage of our budget is coming from industry because the industry actually does see the value of a modern, efficient, smart regulator. So they, through our user fee negotiations, have been putting money into our programs and activities, and they hold us accountable for appropriate use of those monies.

But I think this is really important to understand, and I think it is really—we do actually represent good government at its best in many ways, and reflected in the Gallup poll.

Mr. YODER. Well, Mr. Chairman, if I might just conclude.

And I think that is why you have seen your Agency grow 95 percent in terms of personnel over the past seven years. I just make that point so we understand Congress has answered the requests and has answered the call and has put the resources forward. And industry has done so as well with the relationship that has been created.

Sometimes we get in this Committee and we say, oh, we are cutting these agencies and we are slashing them. We are not giving them resources. I think most Americans would say, consistent with the points you just made, that almost a doubling of the size of personnel over seven years is Congress answering that call.

And I also make that point to recognize that we cannot continue that pace. All right? We are not going to be—

Dr. HAMBURG. No. We are looking for efficiencies and taking some cuts in this budget.

Mr. YODER. And I appreciate that. 8,000 to 16,000 employees, I cannot imagine seven years from now we will be talking about 32,000 employees.

Dr. HAMBURG. No, no.

Mr. YODER. So that has been a real J curve on that pace that we will not be able to keep up, and that is just good for all of us to know.

Dr. HAMBURG. And I believe it.

Mr. YODER. Thank you, Doctor.

Dr. HAMBURG. And fully appreciate the support you have given us in these recent years.

Mr. YODER. Thank you, Doctor. Thank you, Mr. Chairman.

Mr. ADERHOLT. Mr. Farr.

#### SUNSCREEN

Mr. FARR. Can you finish the sunscreen discussion? And maybe what you think the feeling about the Ebola versus measles.

Dr. HAMBURG. Well, on the sunscreen, just to try to be brief, you, I think, said that progress has stopped. It has not stopped. It was too slow before. Congress passed the Sunscreen Innovation Act and gave us a new framework with more clearly-defined timelines for reviewing sunscreens in an effort to make a product that is really important more available in terms of the addition of new ingredients.

We are systemically now looking at a number of ingredients—there are eight in all—in terms of their use in over-the-counter sunscreen products. And we are asking the companies for data to support the safety of the use, the chronic use, of these products.

But we are committed to moving forward. We actually have redirected some of our limited resources to focus more attention on moving these reviews. We have to work very closely with the companies involved to get the data that we need to assess toxicity, which is not a trivial issue.

People may think, what is sunscreen? It is used more, and that is a very good thing. And it needs to be effective to be used in a fairly substantial quantity. People use it a lot, and it gets absorbed into the body. So we do have to think about chronic—

Mr. FARR. Is it being stuck because of the industry not being able to provide the information you are asking? Or is it stuck because of not enough personnel and time dedicated to it?

Dr. HAMBURG. Well, at the moment, with respect to these eight ingredients, I think that we are working with the companies to indicate to them what kinds of data that we need. And as soon as we get that data, we will embark on a rapid review with the right personnel mobilized to do those reviews and to meet the timelines that were put forth in the Sunscreen Innovation Act.

#### EBOLA/MEASLES

Mr. FARR. How about the Ebola/measles?

Dr. HAMBURG. I think Ebola is really scary because it is a disease that most people do not know much about. And in recent experience, it has a very high lethality rate and a very horrifying mode of death. So I think people panicked. I think the risk to American citizens were always much lower, but it is understandable why there are concerns.

I think we are too complacent about many, many infectious diseases. And I think that many have come to believe that in the era of vaccines and antibiotics, that the era of infectious diseases is over. Ebola is scary because there is no vaccine or treatment. People know what measles is and they think, well, how bad can it be?

In fact, measles can be a very deadly disease, and if not deadly, it can have lifelong damage associated with measles. And we have

a safe and effective measles vaccine. But I think, frankly, we have been complacent. Too many parents have chosen not to vaccinate their children because they felt that the risks of the vaccine were much more serious than they were, and that the risk of getting the disease was almost marginal.

But we know that when vaccination rates go down and there is measles in a community or introduced into a community because of the amount of travel that occurs, including to other countries where measles is much more endemic, it can reignite. And we have seen that, and we have seen the devastating consequences of it.

So I think we need to continue to educate the public. We need to continue to ensure that products that can make a difference in the health and safety of people are taken up by the medical community and understood and accepted by consumers. I think it is a teachable moment for this country about the importance of vaccination against preventable disease.

Mr. FARR. Good point. I hope you can speak out about it. I think putting it in some kind of context with Ebola is very important. I think the consumer now is always comparison-shopping, and how bad is this? And just the scare is not enough. It is what you are talking about. We seem to have downplayed things that we can treat versus things that we cannot treat. And maybe what we can treat is actually more serious than what we cannot treat. Thank you.

Mr. ADERHOLT. Ms. Pingree.

Ms. PINGREE. Thank you, Mr. Chair.

Thank you again. You have put in a long day and had a lot of very diverse questions, so I appreciate all your answers. Let me just bring a couple more points up.

#### FSMA

I know I have spent a lot of time talking with Mr. Taylor and others, and appreciate the focus you have given to the Food Safety Modernization Act. Representative DeLauro has brought up a lot of things about the quick implementation of the rules. And I have spent a lot of time looking at how they are going to impact some of our farmers and especially small- to medium-sized farmers.

I am very grateful for the fact that Mr. Taylor took a trip up to Maine and some of the other New England States to hear from a variety of people about their issues. And I know you have been doing a lot of work since then.

The only thing I wanted to bring up—and I think this is already known since I have made some comments about it. The revised rule, which does more clearly reflect some of the actual issues around farming, and does improve guidance on manure and compost. Some things that I think sound scary to the consumer on the outside, but the use of manure on a field or making sure there is more wildlife in the field is just a big part of a healthy ecosystem.

But the water rule still has some issues. And I think people are very concerned about whether or not the water quality metrics upon which the FDA is relying are still too stringent to be realistic for farms. For example, irrigation water is being held to the same standard as water used for recreational use, like swimming.

So I am hoping the FDA will commit to pursuing a more practical water standard for agriculture that can be updated to reflect advances in science. I do not know if there is funding being allocated for the research on appropriate water standards, but that seems important to me.

Do you have an estimate of the cost to the farmer for the water test? I hope that there is some flexibility in making sure this is not overly burdensome and prohibitive for some farmers. I realize you may not have all these answers on the tip of your tongue, but since this is a big topic of interest to many of my constituents, I wanted to put it out there.

Dr. HAMBURG. Well, I think, most importantly, we are still assessing a full range of comments that we have gotten on the proposed regs, and we will be moving towards finalization, as you know. But I hope and trust that you have submitted some of these comments to us as part of that process, or others that share your concerns you no doubt have. And certainly we are listening today.

Ms. PINGREE. Great. Well, we will certainly be keeping a close eye on it, and do appreciate the amount of listening that has gone in. But that is one of the concerns that people still have.

Let me just pass along one last question that Representative DeLauro did not get a chance to ask, but I will put it out there in the mix and you can either reply to her or to all of us.

#### TANNING BEDS

She is concerned about, as I think many of us are, tanning beds. She wants—

Dr. HAMBURG. It would not be a budget hearing if Rosa did not ask me about tanning beds.

Ms. PINGREE. There you go. So I do not even know if I need to explain to you that there are concerns about the high exposure which happens more commonly in teen and over-exposure in childhood. We all know that those things increase your chances of developing skin cancer.

And tanning bed companies aggressively target girls. Ten States have forbidden tanning bed use by children under 18 years of age. Forty-one States regulate use of tanning facilities by minors. And I guess we all want to know if the FDA is going to do the same.

Dr. HAMBURG. Well, we have up-scheduled tanning beds to put them in a category of medical device where they have more oversight, and also have required a black box warning on their use that includes a warning against people under the age of 18 from using them.

We are also trying to finalize some other—I do not know if it is a guidance or a rule—proposed rule. So we are trying to put forward a proposed rule that would more specifically address some of the Congresswoman's concerns. But that is still in process and hopefully will be available, maybe not before I leave but soon thereafter.

Ms. PINGREE. Great. Well, thank you again for your comments today.

## MENU LABELING

Mr. ADERHOLT. Let me switch gears and talk about Menu Labeling. As you know, the FDA published the final rule for nutrition labeling of standard menu items at chain restaurants on December 1 of last year. Since fiscal year 2014, Congress included report language instructing FDA to not expand the final regulations to supermarkets and grocery stores. Yet in the final rule, FDA disregarded this instruction and not only regulated chain restaurants but also supermarkets, grocery stores, convenience stores, gas stations, and a whole host of other retailers.

My question would be: Can you explain why FDA chose to ignore the explicit statements accompanying the appropriations bill and expand the regulations even further?

Dr. HAMBURG. Well, I think that we were following what was put forward in the law in terms of oversight of restaurants and restaurant-like establishments with chains of 20 or more, as well as vending machines. We tried hard to be very thoughtful and careful and mindful of some of the kinds of concerns that you were expressing about what were the appropriate places for Menu Labeling.

But in some instances, the law was very specific about when there is a menu board and it is restaurant-type food that is prepared for consumption in individual-sized portions either onsite or for consumption as you are leaving or soon thereafter.

So, for example, in the grocery stores, which I know has been a place of some concern, we tried to very clearly limit it to the components of the grocery store where there is a mini-deli kind of a setting or a salad bar-type setting, which is explicitly in the law for coverage, and for the deli, where there is a menu.

So if it is a ham and cheese sandwich that is prepared and there is a menu, then it would apply. If you are buying a pound of ham and a pound of cheese and a loaf of bread, that would not be subject to our oversight.

So I think now that we have finalized the Menu Labeling rule, what is incumbent upon us is to work closely with the different stakeholders to achieve the most efficient way to implement and the greatest clarity about what the expectations are and how to do it.

We have been working closely with FMI, that represents a lot of the chain grocery stores, to really find out what are the things that are difficult about implementation and how can we address them, including doing a walk-through recently and looking at the different types of food and what would apply, et cetera. But we want to work with stakeholders in order to implement this and to comply with the intent of the law.

Mr. ADERHOLT. The FDA's final rule mandates that approximately 300,000 restaurants and similar retail food establishments comply with the rule by December 1, 2015. The Agency provides a December 1, 2016 compliance date for similar rules released simultaneously that apply to foods sold through vending machines.

We have heard from a number of our constituents that are awaiting clarification from the FDA on many of these unresolved questions, and they are expressing serious concerns about their ability

to comply with the Menu Labeling regulations by December 1, 2015.

FDA has yet to provide regulated industries with additional compliance time as they await forthcoming guidance that is increasing the likelihood for errors, further corrections, and higher compliance costs due to the uncertainty.

As I mentioned in my opening statements earlier this morning, FDA has to be aware of the comprehensive costs of regulations overall. In a vacuum, these regulations may be very logical and relatively easy to comply with. However, the Federal Government is forcing major cost on the industry from numerous sectors of the government and in aggregate places undue cost on these businesses.

Granted, the Food and Drug Administration extended the implementation date beyond what was proposed. Why did FDA only allow for one year?

Dr. HAMBURG. Well, it is one year for restaurants and restaurant-like establishments, and two years for vending machines. But I recognize what you are saying, that the clock has already started ticking on the one year, and the guidances are not available.

We want an orderly, realistic, and effective implementation process. That is why we are working closely with FMI, as I mentioned, and others. So we need to give them guidance. We need to work with them and hear their concerns. And we need to be, as I said, orderly and realistic about how we go about it.

Mr. ADERHOLT. Would you support FDA extending or delaying the compliance date of the final menu labeling regulations until at least December 1, 2016 to provide the regulated entities—

Dr. HAMBURG. Well, I am not going to comment on that, and it will be someone else's decision as well. But I think what I am saying to you is that we want this to work. We want it not to disrupt industry but to enable industry to put in place an informational system that actually reflects, I think, what a growing number of consumers are already asking for. And of course, some companies have already moved towards doing this.

So we are right now in a stage of really trying to—now that the final rule is out and these institutions and companies know what they are dealing with, we now need to work with them to understand, what are the barriers to implementation? What are the areas that need greater clarity? And how can we assure the right implementation so that it works?

Mr. ADERHOLT. Well, there is a great concern out there, let me just reiterate, because we are hearing—because of the impact of this language and the impact it has on them.

Dr. HAMBURG. Yes. Well, we do understand. I think I have said to this Committee before that when I first learned of this new responsibility for the FDA, I thought it was relatively straightforward. It turned out to be one of the most complex undertakings that I have been involved in in my tenure, and so I understand why industry is concerned and why there is anxiety about what does it mean and how do we implement it. So we get it, and we are going to work closely with them to assure a smooth implementation.

## CHINA

Mr. ADERHOLT. Last year our Subcommittee had raised some serious concerns about China creating delays and obstacles in the process necessary for FDA officials to gain visas into China and to allow them to inspect the facilities. In fact, it is my understanding that things were so bad that Vice President Biden reportedly had to negotiate with the Chinese on the visas in China to exchange for China visas in the United States. I understand there is some progress that has been made, but the progress that has occurred so far is really not that acceptable.

In December of last year, the FDA entered into two implementing agreements with two agencies in the Chinese Government as it relates to inspections. According to the agreements with China, can U.S. inspectors, either based in China or on detail in China, inspect a Chinese facility without notifying the Chinese Government?

Dr. HAMBURG. Yes, we can. We often, though, do work with these Chinese inspectors because I think it is a way of helping to train them to better understand what is expected in terms of our standards and quality concerns. And what we are trying to do is both achieve the necessary inspections and also help create a more rigorous oversight system in China in broadly.

And why having offices in China is of great value is that we are able to work with our counterpart regulatory authorities on the medical product and the food side, and also to work with industry because industry can help drive this process as well.

So we are making progress. We have the ability to get the visas that we need. We are staffing up. It does remain a continuing challenge for us to recruit the right FDA employees to live and work in China, India, other places where living can be more challenging in other ways.

But we have been able to carry on a lot of inspections, not just with the people that are actually physically working out of our China office, but using that office as a hub for other inspections to go on. We send people for 30, 60, 90 days, or in some instances if it requires specialized expertise, someone may go over just to do a couple of inspections.

But we think the ability to do unannounced can be very important. But we also want to use inspections as an opportunity not to a "got you," but to work with our counterpart regulatory authorities and industry to identify the kinds of concerns we have and fix them so that the company can do a better job going forward.

Mr. ADERHOLT. And I understand the working with them to try to help them to understand what the concerns are. But the bottom line is, you are saying that unannounced inspections, surprise visits, we can do that?

Dr. HAMBURG. Yes.

Mr. ADERHOLT. Without notifying the government ahead of time?

Dr. HAMBURG. Right. And the other thing—this, I think, was in FSMA; someone may need to correct me—but we now have the ability to refuse entry of a product if we have not been allowed to go into the facility to do the inspection.

Mr. ADERHOLT. How many permanent FDA inspectors with visas do we now have in China?

Dr. HAMBURG. Right now we have eight staff in China, with five more pending. As I said, we also use those offices as a hub to support inspections with people who are not actually living and working in China. But this gets to the broader issue we were discussing. This is obviously a critical need.

There are many, many manufacturers in China on both the medical product and the food side that we want to know more about, that we want to be inspecting regularly, where we want to make sure they are meeting our standard for the protection of the American public. Yet it is much more costly for us to do those inspections overseas.

So we are working hard, in keeping with the mantra you laid out at the beginning of your remarks, not only to strengthen our presence there, but to also try to raise capacity through working with our counterparts in government and industry, and also working with our counterpart regulatory authorities from regulatory agencies around the world who share this problem.

We have the biggest burden because of the volume of products coming from China into this country. But the European Union, Canada, Australia, Brazil, all are getting products from China, and they are not able to cover the waterfront in terms of inspections, either.

So we are working on how can we leverage each other's inspections and information and intelligence about what is going on to enhance our overall knowledge of product quality and safety.

Mr. ADERHOLT. So currently there are only eight permanent inspectors in the entire country of China?

Dr. HAMBURG. There are eight staff in China.

Mr. ADERHOLT. How many food and drug inspections were conducted by the United States inspectors versus how many were planned?

Dr. HAMBURG. I think that we conducted the ones that were planned, and some that we had not plan but that were done for cause. In terms of the exact numbers, you want international numbers for all inspections done of all—

Mr. ADERHOLT. U.S.

Dr. HAMBURG. So inspections done domestically?

Mr. ADERHOLT. Yes. How many were—I am sorry. It would also be helpful to know also China as well. How many were conducted by inspectors, yes, in China, by United States inspectors versus how many were planned and how many were—

Dr. HAMBURG. There were, I think, 456 total inspections that were done in China in the last year. As I said, we do gain some additional situational awareness from exchanging information with counterpart regulatory authorities.

But obviously, there is more work to be done. And again, I am often asked, what are the issues that keep you up at night? Well, being able to respond to the globalized marketplace to ensure import safety is one of those issues for me. So I appreciate your interest, and I think it is one of those areas that explains why we have had expansions. But we need, actually, still more.

We have adopted other strategies to address some of our import safety concerns, including more risk-based and information technology-driven screening at the borders so we know where to set priorities and target resources. But that is also a huge challenge because we have got more than 300 different ports of entry—water, truck, airplane, train. And the volume of products coming over our borders has, I think, quadrupled in the last decade.

So we are scrambling. And one of the things that I am proud of is that we have really repositioned FDA to address these challenges of the globalized world. But there is more work to be done.

Mr. ADERHOLT. Well, I think just the mere fact that we do so much trade with China, and especially regarding more and more food, I think the increased visibility of inspectors, food inspectors, U.S. food inspectors, is important. And I think that is something that FDA needs to take very seriously.

Well, thank you. I know we have gone on now for quite a while, and appreciate your testimony here this morning. I know this is your last testimony before the Subcommittee, and we could draw it out all afternoon, probably, with different questions.

But we do appreciate your testimony, your work, and your service to the Food and Drug Administration. And as my colleagues have said, we wish you the best in your further endeavors.

And at this point, the subcommittee is adjourned.

**QUESTIONS FOR THE RECORD  
FOOD AND DRUG ADMINISTRATION  
FY 2016 BUDGET HEARING  
MARCH 4, 2015**

QUESTIONS SUBMITTED BY CHAIRMAN ROBERT B. ADERHOLT

Dietary Guidelines for Americans

The Department of Health and Human Services, of which FDA is a part, has the lead role in developing the Dietary Guidelines for Americans in 2015. When Secretary of Agriculture Tom Vilsack appeared before this Subcommittee a week ago today, he made a commitment to adhere to the statutory directive for developing the Dietary Guidelines for Americans. As he put it – I know my role and I will color within the lines. We reminded him of the need to stay focused only on the dietary and nutritional recommendations of the Dietary Guidelines Advisory Committee and subsequent comments collected by USDA and DHHS about the recommendations. To quote from former Senator Bob Dole, “I believe the Committee exceeded its mandate when it made dietary recommendations based on environmental concerns of “sustainability.” I urge the Secretary of Agriculture and the Secretary of Health and Human Services to omit those recommendations in issuing their final guidelines. The science of nutrition can be confusing to the average consumer. Integrating environmental considerations into dietary recommendations lessens the report’s impact and usefulness.”

As a vital player in the development of the final guidelines, can we get an assurance from DHHS that the final report will only include nutrient and dietary recommendations and not include environmental factors and other extraneous material?

Response: HHS will remain within the scope of our mandate in the 1990 National Nutrition Monitoring and Related Research Act which is to provide “nutritional and dietary information and guidelines”... “based on the preponderance of the scientific and medical knowledge.”

I find it interesting that the advisory committee has found that cholesterol is not a nutrient of concern for overconsumption, even though previous Dietary Guidelines have recommended limiting cholesterol intake to no more than 300 milligrams per day. There are other such examples in the recent past where the Advisory Committee completely changes its focus despite claims of sound science. The advisory committee also recommended a diet higher in plant-based foods and lower in animal-based foods as more health promoting, even though lean meat has been included as part of a healthy, balanced diet in previous Dietary Guidelines.

How are consumers supposed to feel confident about following the Dietary Guidelines when the recommendations contradict what we were just told five years ago?

Response: The Advisory Committee Report is one of several elements that inform the federal government of the body of scientific evidence on topics related to diet,

nutrition, and health. In addition, the federal government considers comments from the public and by federal agency experts.

The Report is not the Dietary Guidelines policy or a draft of the policy. Nutrition is an evolving science, and the 1990 National Nutrition Monitoring and Related Research Act acknowledged this fact when mandating that the Dietary Guidelines be released every five years.

The Guidelines have evolved from a mainly scientific expert opinion-based document in the 1980's to a science-based document informed by systematic literature reviews. The core of the Dietary Guidelines has remained relatively consistent with past editions. Reflecting a greater understanding of nutrition and human health, the Guidelines have advanced from nutrient-focused recommendations to food-based recommendations and more recently taking into consideration overall dietary patterns.

The purpose behind updating the Dietary Guidelines for Americans (DGA) is so that the Guidelines align with the latest available science. The Advisory Committee considered the published scientific evidence in totality on a wide variety of topics and reviewed the previously published Dietary Guidelines, providing recommendations that may conflict with previously published guidelines but which reflect the current state of the science.

In the case of dietary cholesterol, the 2015 Advisory Committee considered the published scientific evidence in totality on a wide variety of topics and provided recommendations based on the preponderance of this evidence. For the 2015 Dietary Guidelines for Americans (DGA), the Committee is now recommending that the Departments not bring forward the previous recommendation from the 2010 Dietary Guidelines, because available evidence is not sufficient to support a clinical relationship specifically between dietary cholesterol intake and higher blood levels of LDL-cholesterol in the general population. The Departments have yet to announce any decisions on the final DGAs.

Or how are consumers to have faith in dietary recommendations that do not have well documented support behind the findings?

Response: The Advisory Committee Report is one of several elements that inform the federal government of the body of scientific evidence on topics related to diet, nutrition, and health. In addition, the federal government considers comments from the public and by federal agency experts.

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Lastly, I reminded Secretary Vilsack of the enormous impact of the Dietary Guidelines on individual diets, nutritionists and dieticians who plan or prepare food for schools and other institutions, and elsewhere in kitchens across the U.S.

Would FDA be opposed to a public comment period after the newly proposed dietary guidelines are made public?

Response: Public engagement in the Dietary Guidelines process is important to both HHS and USDA. The public provided oral comments to the Dietary Guidelines Advisory Committee (Advisory Committee) during its second meeting on January 14, 2014 and written comments for an 18 month period, from June 2014 through December 2015. The public also provided oral comments to Federal officials on the *Scientific Report of the 2015 Dietary Guidelines Advisory Committee* (Advisory Report) on March 24, 2015 and during the 75 day written public comment period that closed on May 8, 2015. Over 29,000 comments were submitted during these periods, which HHS and USDA staff have reviewed. We are now focused on completing our work by the end of the year, which is Congressionally mandated.

#### Drug Compounding and Budget Request

FDA has stepped up its inspections of compounding pharmacies in the wake of the fungal meningitis outbreak and the Drug Quality & Safety Act.

How many compounding pharmacies did FDA inspect in fiscal years 2014 and 2015 to date and what would the Agency do differently than it is doing now with an increase in funding?

Response: FDA conducted 92 inspections of compounding pharmacies in fiscal year 2014 and has conducted approximately 120 inspections of compounders in fiscal year 2015, 2015, including approximately 60 inspections of outsourcing facilities in fiscal years 2014 and 2015. FDA has issued Form FDA-483 lists of inspection observations at the conclusion of the majority of these inspections, generally citing deviations from adequate sterile practices that put patients at risk. Examples of the insanitary conditions FDA has observed in compounding pharmacies include dead insects in ceilings, renovations made without any evidence of controls to protect sterile drugs from contamination, use of coffee filters to filter particulates, exposed skin during sterile production, toaster ovens used for sterilization, and a kitchen dishwasher and detergent used to clean sterile compounding equipment and utensils, among many other serious conditions.

An increase in funding such as that sought in the FY 2016 budget would support additional inspections of compounding pharmacies and outsourcing facilities under sections 503A and 503B of the Federal Food, Drug, and Cosmetic Act (FD&C Act) respectively, policy development and implementation activities, and state collaboration and coordination. FDA is working on implementing provisions of the FD&C Act that will be applicable to outsourcing facilities, such as issuing current good manufacturing practice (CGMP) regulations tailored to outsourcing facilities. FDA is also developing policies on activities compounders engage in, but that are not covered by sections 503A and 503B. These activities include, but are not limited, to the repackaging of drug products, the mixing, diluting, and repackaging of biological products, compounding animal drugs, and producing conventionally manufactured drugs under FDA-approved drug applications.

How many inspections does FDA believe it will need to inspect on a continuing basis, to add to FDA's workload of other inspections?

Response: In fiscal year 2015, FDA completed approximately 120 inspections of compounding facilities, including 30 inspections of outsourcing facilities. Of the 120 inspections, approximately 50 were for cause inspections, 20 were follow up inspections at facilities previously inspected and found to be noncompliant, and 50 were new surveillance inspections.

We are finding problems at almost all of the facilities we inspect. As a result, we are conducting follow-up inspections to determine whether compliance has been achieved. This diverts resources from surveillance inspections of facilities not previously inspected. We believe we need to maintain at least the current level of effort inspecting compounding facilities that have not been previously inspected (approximately 50 inspections annually) to identify problems that if allowed to

continue could put patients at risk. There are thousands of facilities that compound sterile drugs and that are not registered as outsourcing facilities. With additional funding such as that requested in the FY 2016 budget, FDA could do more, working with the states, to identify the pharmacies that engage in the highest risk practices, conduct inspections, and pursue regulatory action as appropriate.

Currently, FDA intends to inspect entities registered with FDA as outsourcing facilities every 12-18 months. As of September 25, 2015, 56 facilities were registered as outsourcing facilities. We expect the outsourcing facility inspections to be a mix of for cause, follow-up and surveillance inspections. With additional funding, FDA would conduct more frequent inspections of registered outsourcing facilities. Many states have told us that they are not equipped to inspect outsourcing facilities for compliance with current good manufacturing practice (CGMP) requirements and intend to rely on FDA to conduct those inspections.

Has FDA expanded its workforce of inspectors to take on the added responsibility for compounding pharmacies to date and how does FDA prioritize inspections of compounding pharmacies versus the newly registered outsourcing facilities?

Response: In fiscal year 2014 FDA hired four additional investigators to conduct inspections of compounders. Because the majority of the inspections are of compounding facilities that engage in sterile compounding, inspections of compounders are conducted by FDA's experienced drug investigators.

FDA tries to inspect newly registered outsourcing facilities within two months of initial registration, if the facility has not been previously inspected. The frequency of subsequent inspections depends on the findings from the first inspection and other factors including but not limited to: the compliance history of the outsourcing facility; the record, history, and nature of recalls linked to the outsourcing facility; the inherent risk of the drugs compounded at the outsourcing facility; the inspection frequency and history of the outsourcing facility, including whether the facility has been inspected within the last 4 years; and whether the outsourcing facility has registered as an entity that intends to compound drugs in shortage.

In addition to prioritizing the inspection of newly registered outsourcing facilities, FDA prioritizes inspections of compounders whose drugs are associated with reports of serious adverse events or product quality issues such as drug contamination.

Since the passage of the Drug Quality and Security Act, the FDA has interpreted provisions of Section 503A, inconsistent with its legislative intent and with the agency's own previous positions. Can you please explain why the FDA has ruled under 503A, a pharmacist may not compound medications prior to the receipt of a prescription and transfer the drugs to a requesting physician or other authorized agent without a patient-specific prescription accompanying the medication?

Response: Section 503A(a) of the FD&C Act requires a prescription order for an identified individual patient for drug products compounded under this section. Specifically, it states that certain provisions of the FD&C Act “shall not apply to a drug product if the drug product is compounded **for an identified individual patient based on the receipt of a valid prescription order** (emphasis added) or a notation, approved by the prescribing practitioner, on the prescription order that a compounded product is necessary for the identified patient” (section 503A(a)). In addition, compounding under section 503A must either be “on the prescription order for such individual patient,” or “in limited quantities before the receipt of a valid prescription order for such individual patient.” In any case, for each compounded drug product, a compounder must receive a valid prescription order for an individual patient to qualify for the exemptions under section 503A.

The prescription requirement serves a critical public health function. Drug products compounded in accordance with section 503A are exempt from premarket approval requirements, the requirement to be labeled with adequate directions for use, and current good manufacturing practice (CGMP) requirements, provisions of the Federal Food, Drug, and Cosmetic Act (FD&C Act) that are intended to assure the safety, effectiveness, and quality of drug products. Drug products compounded in accordance with section 503A of the FD&C Act are exempt from these important requirements because they are intended to meet the needs of an identified individual patient that cannot be met by an FDA-approved drug product (e.g., a patient may need a compounded drug product if he or she has an allergy to an ingredient in the FDA-approved product). Without a prescription to link a compounded drug product to an individual patient, there would be no mechanism to assure that drug products compounded under section 503A are being used for this purpose, and if they are not, they may put patients at risk without any commensurate benefit.

This is not inconsistent with the Agency’s previous positions. In 2012, prior to passage of the DQSA and prior to the 2012 fungal meningitis outbreak, FDA was working on a draft compliance policy guide (CPG) for section 503A of the FD&C Act. This draft, internal CPG would have proposed an enforcement discretion policy for some office stock products that could not be compounded in compliance with section 503A. Specifically, FDA was considering whether to issue a draft CPG that included enforcement discretion with respect to compounders that linked compounded drugs to patient names after drugs are shipped to a health care entity and administered to patients. However, the draft CPG was never endorsed or issued by the agency.

By February 2013, the agency had already determined that the exercise of enforcement discretion would not be appropriate (see February 5, 2013 letter to PharMEDium, <http://www.fda.gov/downloads/Drugs/GuidanceComplianceRegulatoryInformation/PharmacyCompounding/UCM338614.pdf>). The 2012 fungal meningitis outbreak and subsequent inspections of compounders have demonstrated that adequate controls on compounding of drugs intended to be sterile are critical. As stated above, the prescription requirement ensures that compounding by state-licensed pharmacies and physicians under section 503A is based on individual patient need. It also

differentiates such compounding from conventional manufacturing, and it is critical to differentiating compounding by pharmacists and physicians who are primarily subject to state regulation from compounding by outsourcing facilities, which are primarily subject to FDA regulation.

Compounding without patient-specific prescriptions by 503A facilities would undermine the incentive for compounders to become outsourcing facilities and the public health protections that Congress created in the Drug Quality and Security Act to prevent another outbreak. Under section 503B of the FD&C Act, outsourcing facilities are not required to obtain prescriptions for identified individual patients (see section 503B(d)(4)(C) of the FD&C Act). Unlike pharmacies compounding in accordance with section 503A, outsourcing facilities are subject to current good manufacturing practice requirements, FDA inspections according to a risk based schedule, and other conditions that help to assure the quality of their drug products.

#### Financial Charges from the Department of Health and Human Services

In looking at the FY 2016 budget request, I am particularly concerned about the charges and assessments and the rate at which they are increasing for certain functions. On page 265 of your request, there is a chart that shows a large increase for the fee for service assessments. The amount assessed to support the Program Support Center in the Office of the Secretary of Health and Human Services is projected to increase from \$12.8 million in 2015 to \$25.1 million in 2016, nearly doubling the assessment for this function.

At a time when resources are scarce, how do you justify such an increase for this purpose?

Response: The amount shown in the table was incorrect. There is no significant increase in services or service costs in FY 2016. Below please find the corrected table. The Program Support Center provides various administrative, acquisitions, facilities and logistics, and financial management services to the FDA.

**FOOD AND DRUG ADMINISTRATION**  
**DHHS Charges and Assessments**  
**FY 2014 Actual, and FY 2015 and 2016 Estimates**

Activity	FY 2014 Actual	FY 2015 Estimate	FY 2016 Estimate
<b>Assessments.....</b>	\$ 1,671,603	\$ 1,849,740	\$ 1,916,831
<b>Fee for Service.....</b>	\$ 32,257,550	\$ 34,472,637	\$ 35,181,000
Program Support Center/OS.....	\$ 12,715,848	\$ 12,852,057	\$ 12,878,000
Federal Occupational Health.....	\$ 2,153,131	\$ 2,781,149	\$ 2,812,000
Information System Management Service.....	\$ 15,028,969	\$ 16,345,523	\$ 16,058,000
Human Resource Center – Rockville, Maryland.....	\$ 2,359,602	\$ 2,493,908	\$ 3,433,000
<b>Jointly Funded Services.....</b>	\$ 4,764,717	\$ 4,478,035	\$ 4,170,286
International Health - Bilateral Agreement.....	\$ 1,148,338	\$ 1,231,159	\$ 1,319,953
Other Jointly Funded Projects .....	\$ 1,971,389	\$ 2,007,072	\$ 2,074,333
<b>Total.....</b>	<b>\$ 38,693,870</b>	<b>\$ 40,800,412</b>	<b>\$ 41,268,117</b>

What functions or activities does this assessment support? Are you anticipating a corresponding increase in services as well?

Response: Please see the response to the previous question.

**Food Safety Modernization Act Request**

The FY 2016 Budget requests a total program level of \$1.5 billion for food safety, which is \$301 million above the FY 2015 Enacted level. The requested increase is a combination of \$109.5 million in budget authority and a \$191.8 million increase in user fees. Food safety represents FDA's highest budget request for FY16 and for the past few years.

Now there is much talk over the past few years over the appropriate level of funding to implement the Food Safety Modernization Act. I will note that this Subcommittee has been supportive in the past of food safety requests, including an increase last year above the request.

Congress has provided increases of nearly \$200 million since the Food Safety Modernization Act was signed into law on January 4, 2011. Can you explain what FDA has accomplished with these funds to date?

Response: FDA has been working diligently to implement FSMA over the past fiscal years. A key area of focus for our time and resources has been the development of seven major FSMA-mandated regulations that, when final, will establish the framework for systematically building in preventive measures across the food system.

### **Seven Foundational FSMA Proposed Regulations**

Starting in January 2013, FDA issued proposals on seven major FSMA-mandated regulations that, when final, will establish the framework for systematically building in preventive measures across the food system. These proposals address produce safety, preventive controls in food facilities, safe food transport, intentional adulteration, and FSMA's innovative new approach to ensuring the safety of imported food and are described in more detail below. In September of 2014, FDA issued four supplemental notices of proposed rulemaking for the preventive controls for human food, preventive controls for food for animals, standards for produce safety, and foreign supplier verification programs for importers of food for humans and animals. FDA conducted significant stakeholder outreach for each of these rulemakings, including several public meetings, and incorporated feedback into supplemental notices designed to make the proposals more flexible and targeted.

*Current Good Manufacturing Practice and Hazard Analysis and Risk-Based Preventive Controls for Human Food:* On January 4, 2013, FDA released for public comment the Preventive Controls for Human Food proposed rule that focuses on preventing problems that can cause foodborne illness. The proposed rule would apply to many domestic and foreign firms that manufacture, process, pack, or hold human food. These firms would be required to have written plans that identify hazards, specify the steps that will be put in place to minimize or prevent those hazards, identify monitoring procedures and record monitoring results, and specify what actions will be taken to correct problems that arise. FDA would evaluate the plans and continue to inspect facilities to make sure the plans are being implemented properly.

*Current Good Manufacturing Practice and Hazard Analysis and Risk-Based Preventive Controls for Food for Animals:* FDA's proposed rule on Preventive Controls for Animal Food published on October 29, 2013. The proposed rule focuses on preventing problems in order to improve the safety of food for animals. The preventive controls provisions of the proposed rule would apply to domestic and imported animal food, including pet food, animal feed, and raw materials and ingredients. Facilities producing animal food would be required to have written plans that identify hazards, specify the steps that will be put in place to minimize or prevent those hazards, identify monitoring procedures and record monitoring results, and specify what actions would be taken to correct problems that arise. The proposed rule would also establish Current Good Manufacturing Practices that specifically address animal food.

*Standards for Growing, Harvesting, Packing, and Holding of Produce for Human Consumption:* On January 4, 2013, FDA also released for public comment its Produce Safety proposed rule to establish science-based standards for growing, harvesting, packing, and holding produce on domestic and foreign farms. Section 105 of FSMA

directs FDA to set science-based standards for the safe production and harvesting of fruits and vegetables that the Agency determines minimize the risk of serious adverse health consequences or death. FDA proposed to set standards associated with identified routes of microbial contamination of produce, including: (1) agricultural water; (2) biological soil amendments of animal origin; (3) health and hygiene; (4) animals in the growing area; and (5) equipment, tools and buildings. In 2014, FDA issued supplemental proposals to, among other changes, make the criteria for certain uses of agricultural water more flexible and introduce a tiered approach to water testing. Additionally, FDA proposed eliminating the 45-day minimum application interval for composted manure that meets proposed microbial standards and application requirements. The final rule on Produce Safety is scheduled to be submitted to the Federal Register by October 31, 2015.

On January 12, 2015, FDA made public a Draft Environmental Impact Statement (EIS) evaluating the potential environmental effects of the Produce Safety proposed rule. FDA also held a public meeting on the Draft EIS on February 10, 2015.

*Foreign Supplier Verification Programs for Importers of Food for Humans and Animals:* On July 26, 2013, FDA issued for public comment the Foreign Supplier Verification Program proposed rule that would require importers to perform certain risk-based activities to verify that food imported into the United States has been produced in a manner that is consistent with U.S. safety standards. More specifically, importers would be required to ensure that the imported food is produced in compliance with processes and procedures that offer the same level of protection as FDA's preventive controls requirements and produce safety standards, and is not adulterated or misbranded with respect to food allergen labeling. In a supplemental proposal issued by the FDA in September of 2014, FDA provided more flexibility for importers in determining appropriate supplier verification measures based on their evaluation of the relevant risks. The final rule on Foreign Supplier Verification Programs is scheduled to be submitted to the Federal Register by October 31, 2015.

*Accreditation of Third-Party Auditors/Certification Bodies to Conduct Food Safety Audits and to Issue Certifications:* FDA issued the Third-Party proposed rulemaking on July 26, 2013, which would establish a program for accreditation of third-party auditors, also known as certification bodies, to conduct food safety audits and issue certifications of foreign facilities and the foods for humans and animals they produce. Importers would not generally be required to obtain certifications, but in certain circumstances the FDA may use certifications from accredited auditors in determining whether to admit certain imported food into the United States that the FDA has determined poses a food safety risk or in determining whether an importer is eligible to participate in a voluntary program for expedited review and entry of food. The final rule on Third Party Certification is scheduled to be submitted to the Federal Register by October 31, 2015.

*Sanitary Transportation of Human and Animal Food:* FDA issued the Sanitary Transportation proposed rule on January 31, 2014. This proposed rule would require those who transport food to use sanitary transportation practices to ensure the safety of food. The proposed rule would help maintain the safety of both human and animal

food during transportation by establishing criteria, e.g., conditions and practices, training and record keeping, for the sanitary transportation of food. The final rule on Sanitary Transportation is scheduled to be submitted to the Federal Register by March 31, 2016.

*Focused Mitigation Strategies to Protect Food Against Intentional Adulteration:* FDA's proposed rule on intentional adulteration was published on December 24, 2013. The proposal would require domestic and foreign facilities to address vulnerable processes in their operations to prevent acts on the food supply intended to cause large-scale public harm. The proposed rule would require the largest food businesses to have a written food defense plan that addresses significant vulnerabilities in a food operation. The final rule on Intentional Adulteration is scheduled to be submitted to the Federal Register by May 31, 2016.

### **Supplemental Notices of Proposed Rulemaking**

Based on public input on the proposed rules described above, FDA decided to issue supplemental notices of proposed rulemaking for four of the seven foundational rules: Preventive Controls for Human Food, Produce Safety, Foreign Supplier Verification Programs, and Preventive Controls for Animal Food. These supplemental notices provide revised language for public comment on key provisions of the proposed rules, reflecting significant changes from the proposals as a result of stakeholder engagement. All four supplemental notices published on September 29, 2014. FDA held public meetings and conducted other outreach to inform the public about and receive stakeholder input on the content of the supplemental notices.

To support its implementation work, FDA has utilized the no-year FSMA implementation funds provided by Congress. FDA is working to use these funds in a strategic, targeted manner. These funds have supported key projects such as State inspections and recalls, FSMA IT, Produce Safety Alliance, and FSMA Operations Teams (FOT). FDA intends to allocate all its no-year funding by the end of this year.

Can you provide the Committee with a detailed breakout of how food safety funding pre-FSMA has been repurposed for activities in support of FSMA?

Response: About 75% of FDA's total pre-FSMA budget for food-related activities was devoted to headquarters and field activities addressing the food safety hazards FSMA is designed to address, but they were deployed under the pre-FSMA statutory framework that relied primarily on reaction to food safety problems. All of that pre-FSMA base funding is being repurposed in support of FSMA's new model of risk-based prevention of food safety problems. This includes retraining and reorienting over 2,000 headquarters and field staff to work under the new FSMA model. It also includes investing in partnerships with states and others (including FSMA-mandated training) to enhance a national integrated food safety system, as well as to manage for the first time an on-farm produce safety regulatory program and a modern, preventive import safety system.

Pursuant to House Appropriation Committee Report language on the FDA FY 16 appropriation, FDA is currently undergoing a “detailed accounting of its food safety resources in the fiscal year 2017 budget request, including which pre-2011 base resources will be utilized in fiscal year 2017.” To assure that the agency provides, consistent and reproducible information, it is currently undergoing meticulous definitional, assumption documenting and standard setting. The agency plans on submitting this detailed account of its resources with the submission of its FY 2017 Congressional Justification as requested by the Committee.

Please provide to the Committee more detailed information on how the nearly \$80 million provided over the last two fiscal years has been utilized.

Response: Since FY 2012 Congress has provided significant increases for FSMA implementation. These increases have support key programmatic activities for the implementation of FSMA, including the development of the seven foundational rules. FDA has also improved its ability to use risk information to direct its resources as required by FSMA, met all high risk inspection requirements, and partnered with key stakeholders to ensure successful implementation of the rules. The agency has also developed plans for the training of industry so they will be able to meet the new requirements under the Preventive Controls Rules and the Produce Safety Rule (when finalized). Additional increases have also been provided for rent and other administrative costs.

The initial focus of FSMA implementation enactment was on developing key regulations, stakeholder outreach and engagement, planning for implementation of the FSMA rules, investing in the states, and increasing inspection oversight for both domestic and foreign-produced food.

By re-deploying existing resources and applying the FSMA increases, FDA initiated work and made significant progress on 50 FSMA deliverables, including seven major framework regulations that required extensive data collection and risk and policy analysis. FDA has issued some final rules and intends to issue additional final rules for these seven regulations continuing into 2016. FDA also developed a new strategy for implementing the FSMA rules in the field and initiated a detailed operational planning process that includes new inspection and compliance models and training approaches for FDA and state compliance staff.

FDA used its resources to conduct extensive stakeholder outreach and dialogue on all aspects of FSMA rulemaking and implementation. This outreach and dialogue includes hundreds of presentations, public and private meetings, and scores of farm and facility visits and listening sessions.

FDA has increased technical staffing and established public-private alliances with industry, academia, and state partners to support education, training, and technical assistance programs. FDA has especially focused on small and mid-size growers and processors in its efforts.

With this funding FDA established a strategic framework for the National Integrated Food Safety System. In addition, FDA strengthened state collaborative programs and

partnerships in such areas as inspector training, laboratory enhancement, work planning, and data sharing. To this end FDA increased its funding for state and local food safety programs by \$23 million by FY 2014.

FDA has also used the resources to improve its inspection programs. FDA met the FSMA inspection frequency mandate for high risk domestic facilities two years early. FDA also significantly improved oversight of imported food through the use of enhanced risk analytics and risk prioritization models that better targeted border activities, including sampling and product examinations, and foreign inspections. FDA began building the new import safety system through significantly increased foreign inspections, expansion of foreign offices, increased collaboration with Mexico, Canada, the European Union, China, and other key trading partners; and establishment of a food safety system assessment and recognition program to enable appropriate reliance on foreign government food safety efforts.

In FY 2015, FDA has continued the increased levels of domestic inspection and import oversight mandated by FSMA and begun in the 2011-2014 period. With the additional food safety funding that Congress provided for FY 2015, FDA continued building its technical staffing, increase investments in state capacity, and begin the shift from strategy development and planning to actual implementation of its new FSMA compliance strategy.

The FY 2015 resources have allowed for several key accomplishments. FDA provided initial delivery of training to FDA and state compliance staff in the new FSMA food safety “systems” and prevention framework. In FY 2015, FDA increasing investments in guidance development and technical assistance to facilitate industry compliance with the new FSMA final preventive controls rules and the produce safety rules (when finalized).

In FY 2015, FDA continued to develop a data sharing portal for FDA’s state partners. FDA developed guidance and educational materials for importers to facilitate compliance with FSMA’s foreign supplier verification program requirement. FDA has begun the process of hiring additional employees to perform Foreign Supplier Verification Programs (FSVP)-related work, including investigators to do FSVP inspections of importers, as well as subject matter experts to assist them as a resource.

FDA also continued to develop the data, tools, and procedures for risk-based resource management. FDA looks forward to continuing its FSMA implementation efforts in FY 2016.

In light of ongoing funding priorities, what are those areas in highest need prior to the first implementation of the seven foundational rules in August 2016?

Response: The FY 2016 President’s Budget requested for each of its six proposed FSMA funding categories is the minimum amount FDA needs to effectively make progress on the critical implementation tasks in each category. All of the funding

categories are vital to achieving FSMA's goals of a modern, preventive food safety system that protects consumers, strengthens public confidence, and reduces cost to industry from food safety problems. A significant shortfall of funding in these categories will unavoidably disrupt and delay FDA's plans for implementation of FSMA.

The urgency of receiving full funding in FY 2016 is that it is the year that both preventive controls regulations are scheduled to become effective and, thus, the last year to make investments that are crucial to orderly, effective, and timely implementation. In FDA's own estimate of funding need, enactment of the President's request for a budget authority increase of \$109.5 million, for a total of \$1.3 billion in Budget Authority, and total Program Level of \$1.5 billion when accounting for all requested resources, would make it possible for FDA to move forward in 2016 toward successful implementation of FSMA.

If FDA were to receive less than full funding requested in the President's Budget for FSMA implementation in FY 2016, the order in which it would expend available funds is as follows. FDA's prioritization of activities aligns with the President's Budget policies related to FSMA; These priorities were decided with the full knowledge of the compliance implementation dates for the FSMA regulations identified below each priority.

FDA would begin by focusing on the FDA and state inspection modernization, training and industry assistance investments needed to implement preventive controls in all food facilities effectively and efficiently.

FDA will make the best possible use of any available resources, but failing to make the proposed investments in any of these priority areas will force decisions to delay implementation of key elements of the new food safety system.

This Subcommittee has cautioned FDA before that a "one size fits all" approach to implementing the food safety law will simply not work. With various commodities and growing climates and practices across the country, FDA must assess the risk and focus precious resources on those determined to be higher risk commodities. Is FDA determining which commodities are more at risk versus those that pose less of a food safety risk? Please explain how.

Response: FSMA puts forward a risk-based paradigm for regulating food safety, which is reflected in FDA's FSMA implementation efforts across the board. Some provisions of FSMA require FDA to identify higher and/or lower risk foods. Section 204(d)(2) of FSMA requires FDA to designate high-risk foods for which certain additional record keeping requirements are necessary and appropriate to protect the public health. In February 2014, FDA issued a draft methodological approach for identifying high-risk foods as required by section 204(d)(2) of FSMA for public comment. In addition, as part of FDA's proposed rulemakings under section 103 of FSMA, FDA put forward draft qualitative risk assessments to identify on-farm manufacturing, processing, packing, or holding activities that are low risk and involve

specific foods that have been determined to be of lower risk. FDA published proposed lists in the federal register for public comment as part of the original preventive controls rule for human food and the original preventive controls rule for animal food. FDA proposed to exempt on-farm low risk activity/food combinations from the hazard analysis and risk-based preventive controls requirements in those rulemakings.

In the proposed produce safety rule, FDA took a risk-based approach by proposing to exempt produce that represents low risk with respect to microbial hazards, which includes produce that is rarely consumed raw and produce that undergoes commercial processing that adequately reduces the presence of microorganisms of public health significance. For produce that would be covered by the rule, FDA proposed an integrated approach, which focuses on the likelihood of contamination of produce posed by the practices used to grow and harvest the produce. The Qualitative Assessment of Risk that supports the proposed produce rule indicates that many different types of produce have been associated with outbreaks in the past and that one of the most important factors influencing the likelihood of contamination is risky agricultural practices, such as use of contaminated irrigation water. We have specifically solicited comment on our determination, and on whether there are commodity-specific approaches that would adequately minimize the risk of serious adverse health consequences or death and whether such approaches would sufficiently move us toward the prevention-based food safety system envisioned by FSMA. We are currently considering comments in preparing a final rule.

Will the Agency focus resources on those higher risk commodities, which is a more effective use of funds? Would FDA characterize their current plans under FSMA to be risk-based?

Response: Yes, FDA intends to continue to focus its resources on the highest risk work and we do characterize our current plans under FSMA to be risk-based. In some instances this activity includes explicitly considering the level of risk presented by the commodity, as seen in FSMA section 204(d)(2). In other instances, it will involve putting forward requirements that are inherently risk-based, such as the hazard analysis and risk-based preventive controls requirements of section 103 of FSMA and the foreign supplier verification program of section 301 of FSMA. Under those proposed rules, industry would evaluate the hazards associated with a food, facility, and/or supplier, and determine which controls need to be put in place to control the significant hazards they identify.

FSMA established a mandated inspection frequency, based on risk, for food facilities that was implemented immediately. The Agency continues to meet the high-risk domestic inspection frequencies and has continued to meet the foreign inspection frequencies that the Agency has indicated are viable given current resources.

As mentioned above, in the proposed produce safety rule, FDA took a risk-based approach by proposing to exempt produce that represents low risk with respect to microbial hazards, which includes produce that is rarely consumed raw and produce that undergoes commercial processing that adequately reduces the presence of

microorganisms of public health significance. For produce that would be covered by the rule, FDA proposed an integrated approach, which focuses on the likelihood of contamination of produce posed by the practices used to grow and harvest the produce. The Qualitative Assessment of Risk that supports the proposed produce rule indicates that many different types of produce have been associated with outbreaks in the past and that one of the most important factors influencing the likelihood of contamination is risky agricultural practices, such as use of contaminated irrigation water. FDA is working closely with the states to develop a risk-based approach to allocate funds and develop work plans to support implementation of the produce rule, including education, outreach and inspection activities.

Agriculture producers operate on very thin margins and face competitive markets both domestically and internationally. What assurances can you offer growers that FDA will be able to require foreign producers to meet equivalent food safety standards?

Response: In general, FDA's rulemakings under FSMA apply equally to foreign producers of imported products and domestic producers. In addition, FSMA authorizes FDA to establish a foreign supplier verification program to ensure that importers perform risk-based foreign supplier verification activities to verify that imported food is produced in accordance with processes and procedures that provide the same level of public health protection as the preventive controls rules and the produce safety rule, and is not adulterated under section 402 of the FD&C Act or misbranded under section 403(w) of the FD&C Act.

FDA continues to invest in the development of an international food safety capacity-building plan, required by section 305 of FSMA, to expand technical, scientific, and regulatory food safety capacity of foreign governments and their respective food industries. In addition, since FSMA was enacted, FDA has increased its presence overseas and has increased foreign inspections. Global engagement with regulatory counterparts and industry continues to be an important effort to assist in the assurance of global compliance with FDA regulations for products destined for the U.S. FDA needs adequate resources to support these efforts to ensure appropriate oversight of imported food.

Given the complexity of the issues surrounding the proposed rules, do you believe it is appropriate to rush through these regulations? In other words, is FDA willing to exceed the FSMA final regulation dates negotiated with the courts in order to ensure the regulations have addressed both the new food safety Act as well as stakeholder concerns?

Response: While the dates for final rules under the consent decree are aggressive, FDA intends to meet the negotiated timeframes. In part because of the complexity of the issues surrounding the proposed rules, FDA has engaged and continues to engage stakeholders on multiple fronts to understand the impact of our proposals, including through public meetings, listening sessions, and formal comments. In addition, FDA issued supplemental notices of proposed rulemaking for four of the seven rulemakings

under the consent decree in order to provide the public another opportunity to see the agency's current thinking on key issues and provide input. FDA is committed to issuing final rules that fulfill the promise of FSMA and appropriately address stakeholder concerns.

The agricultural community has a long history of working with the federal government, but that experience has been with USDA. FDA has previously stated that they will try to use the State Departments of Agriculture or third party audits to help with enforcement, but farmers and ranchers are concerned that FDA has the potential to be more aggressive than is necessary in dealing with stakeholders they have never regulated or dealt with before. Does the Agency envision FDA employees conducting the actual enforcement on the farm? If so, how can FDA assure farmers that their form of enforcement will be fair, balanced, and transparent? If FDA employees are not the ones to conduct the enforcement activities, what parties could serve as proxies (i.e., delegation of authority) to FDA in order to help farmers comply with the eventual final produce rule?

Response: FDA continues to evaluate all viable options to achieve widespread compliance with the regulations mandated under FSMA. The produce safety rule is intended to improve produce safety-related practices that are implemented by farms. Many farms already follow some or all of the proposed practices, but we recognize that, when finalized, the proposed produce safety rule will be the first national standard for on-farm practices related to produce safety and that it will take time and a concerted, community-wide effort for farms to come into full compliance. FDA is committed to working with the produce community, the U.S. Department of Agriculture, state agencies, and other partners to help facilitate compliance through education, technical assistance, and regulatory guidance. In addition, FDA is developing an internal programmatic shift with respect to on-farm inspection and compliance activities. It is the Agency's intent to ensure that FDA investigators who will be performing on-farm inspections are specialized and trained specifically for on-farm activities. In addition, the Agency intends to focus its resources first on on-farm compliance, using tools such as education and outreach. Regulatory enforcement will still remain a tool for regulators. However, it is our intent to achieve on-farm compliance first through education and outreach, utilizing regulatory enforcement where needed.

FDA does plan to rely heavily on the states however to conduct a majority of on-farm inspections, with FDA investigators providing support as needed. In order to do this successfully, FDA needs the resources to be able to train FDA investigators and state or local inspectors that are commissioned to inspect on behalf of FDA, to develop educational tools, including guidance, and to perform effective outreach activities. FDA anticipates that trade associations and other industry groups might also develop tools to provide detailed assistance to farmers in complying with the final produce safety rule.

There is much discussion about CDC's often cited statistics on foodborne illness: roughly 1 in 6 Americans (or 48 million people) gets sick, 128,000 are hospitalized, and 3,000 die of foodborne diseases.

Can you tell me what percentage of these numbers FDA believes it can have an impact on? For example, the number one cause of foodborne illness is Norovirus, which accounts for roughly 6 in 10 illnesses. Do you expect to make significant progress in reducing illnesses from Norovirus?

Response: In fall of 2015 and early 2016, FDA will issue seven regulations mandated by the FDA Food Safety Modernization Act (FSMA) which will establish a broad preventive controls framework and enhance the safety of both domestic and imported foods. It is estimated that one of those rules alone, the Produce Safety rule, as proposed would prevent 1.57 million foodborne illnesses with an associated benefit of about \$1.0 billion annually. We estimate that the Produce Safety rule, along with the Preventive Controls for Human Food rule which would require preventive controls for manufactured and processed foods, will have a significant impact on foodborne illness in the United States.

With regard to the question about norovirus reduction, the vast majority of norovirus-associated illness occurs from contamination at retail from ill workers. The FSMA rules are not focused on the retail sector, but we do work to enhance retail food safety through FDA's Food Code, a model that assists food safety regulatory agencies at all levels of government by providing them with a scientifically sound technical and legal basis for regulating the retail and food service segment of the industry (restaurants and grocery stores and institutions such as nursing homes). Local, state, tribal, and federal regulators use the FDA Food Code as a model to develop or update their own food safety rules and to be consistent with national food regulatory policy. FDA is working with state and local regulatory agencies to encourage adoption and effective enforcement of all FDA Food Code provisions, including those addressing employee health and hygiene, which is a key strategy in reducing illnesses from norovirus.

There seems to be much focus on the requirements of FSMA and the corresponding regulations. I will acknowledge that we are spending more time on the issue of preventing risks associated with foodborne illness and less on how efforts will specifically decrease illness, hospitalizations, and deaths.

Can you please tell me inform the Subcommittee of specific outcomes or decreases in foodborne illness whether now or in the next couple of years when all of the regulations are in effect? If not, why?

Response: The FDA Food Safety Modernization Act, and the final rules the FDA will be implementing under it, are designed to create a system of accountability for preventing foodborne illness before it can occur. When the preventive controls framework envisioned in FSMA is in place, we estimate that a significant number of foodborne illnesses and outbreaks will be prevented, though no system could

completely eliminate foodborne illness. FDA has proposed the seven foundational rules that will establish the broad preventive controls framework, and will be issuing final rules in 2015 and early 2016. When the covered facilities and farms come into compliance with those rules, the result will be a modern food safety system that produces safer food. For example, FDA estimates that 1.57 million foodborne illnesses would be prevented by the produce safety rule, as proposed, with an associated benefit of about \$1.0 billion annually. To help industry, especially small producers and processors, come into compliance, FDA is planning to do significant education, outreach, and technical assistance, and has established several food safety-related Alliances to begin that work. However, additional resources are critical to fully implement the statute and assist industry in coming into compliance with the new standards in order to realize the full benefits of FSMA.

#### FDA's Streamlining Efforts

USDA has been engaged in the Blueprint for Stronger Service for the past several years. USDA claims to have saved \$1.368 billion in proactive steps to reduce spending, streamline operations and cut costs. Little is known about FDA's attempts to streamline or find comprehensive efficiencies across the Agency.

The savings listed in the budget do not appear to be authentic from what I can tell as described on page 137:

“As part of the FY 2016 Budget, NCTR will have to reduce the number of scientific projects conducted due to a 33 percent reduction of operating research funds in order to support FDA's highest priorities for FY 2016. This reduction will:

- delay advances in science needed for regulatory decisions
- scale back investment in new emerging research areas critical to public health.”

Can you explain to the Subcommittee what FDA has done over the past few years to streamline operations or find efficiencies to save taxpayer dollars?

Response: FDA continues to seek new ways to obtain the most public health value for the federal dollar as we implement expanded authorities. Mindful of the fiscal environment, we have identified reductions and efficiencies where possible and identified long-term needs for additional user fees to balance budget authority growth. These reductions include both programmatic and administrative activities, such as research, surveillance, and compliance activities, as identified in the FY 2016 President's Budget, as well as reductions to travel and facilities costs. Similarly, FDA is implementing energy saving projects that decrease long-term energy usage and operating and maintenance costs while increasing facility life span and efficiency to support Executive Order 13514: Federal Leadership in Environmental, Energy, and Economic Performance. FDA also ensures the appropriate square footage offset in accordance with the OMB Freeze the Footprint guidance and promotes maximum utilization of Federal workspace.

Efficiencies realized in achieving FDA's targeted reductions are invested in mission critical activities established by Congress, including implementing the Food Safety Modernization Act, securing the global marketplace for both food and medical products, advancing the implementation of the Family Smoking Prevention and Tobacco Control Act, and strengthening FDA's scientific and investigational capacities here and abroad. In total, it costs approximately \$8 per year, per person, for the vast array of services FDA provides. For this amount, FDA ensures that food served in the U.S. every day is safe and that the public has access to life-saving medicines that are approved as fast as or faster than anywhere in the world. In addition, consumers can have confidence that the medical products they rely on, ranging from toothpaste to cancer drugs, will provide the expected health benefits.

Has FDA been a part of any HHS wide efforts to find administrative or overhead savings?

Response: FDA is a participant in HHS implementation of Executive Order 13589: Promoting Efficient Spending, Executive Order 13514: Federal Leadership in Environmental, Energy, and Economic Performance, and the OMB Freeze the Footprint strategy.

#### Foreign Drug Inspections

Last year, this Subcommittee raised some serious concerns about the People's Republic of China creating delays and obstacles in the process necessary for FDA officials to gain visas into China to allow them to inspect facilities. In fact, things were so bad that Vice President Biden reportedly had to negotiate with the Chinese on visas in China in exchange for more Chinese visas in the U.S. There appears to be some progress, but the progress to date is not acceptable.

In December of last year, FDA entered into two implementing arrangements with two agencies in the Chinese government as it relates to inspections.

According to these agreements with China, can U.S. inspectors – either based in China or on detail to China – inspect a Chinese facility without notifying the Chinese government? In other words, does the Chinese government allow for unannounced inspections or visits?

Response: In China, investigators posted in country generally provide a few days advance notice for routine inspections unrelated to a public health emergency. If there is a potential significant public health risk, in-country investigators can perform for-cause inspections within a day and unannounced when necessary.

When there have been situations where a public health safety issue needed to be considered or when the Agency had other cause to deem an unannounced inspection necessary, the Agency has entered food and drug firms in China within hours and unannounced with no issues. In these situations, we alerted the Chinese government to our inspection as the investigator was making their way into the firm. The Chinese government has not disallowed our unannounced inspections.

How many permanent FDA inspectors with visas do we now have in China and how many did the FDA plan to have last year?

Response: Since January 2015, the China Office has had six diplomatic visas issued. Of the six visas issued, five were for inspectors and one was for a supervisory inspector. There is one more inspector awaiting deployment. Since January 2015, all visas have been issued by China during the expected time frames. The China Office recently made job offers to five more inspectors and one more supervisory inspector and continues to recruit via an open continuous vacancy announcement.

How many food and drug inspections were conducted by U.S. inspectors versus how many planned?

Response: FDA does not plan foreign inspections by country but rather by risk and, therefore, cannot provide an amount of planned inspections. However, as identified in the Program Activity Data (PAD) tables, for FY2015, FDA estimated a total of 1,200 foreign food inspections, 47 foreign biologic inspections, 999 foreign human drug inspections, 603 foreign device inspections, and 76 animal drug and feed inspections.

In the most recently completed fiscal year, FDA inspectors conducted the following foreign inspections:

<b>FY 2014 Foreign Inspections by Program and Country</b>						
	<b>Foods</b>	<b>Biologics</b>	<b>Human Drugs</b>	<b>Animal Drugs &amp; Feeds</b>	<b>Devices &amp; Rad. Health</b>	<b>Country Totals</b>
<b>Albania</b>	4					<b>4</b>
<b>Argentina</b>	38		15			<b>53</b>
<b>Australia</b>		1	7		2	<b>10</b>
<b>Austria</b>	1	3	6	1	6	<b>17</b>
<b>Bangladesh</b>	10					<b>10</b>
<b>Belgium</b>			15	1	3	<b>19</b>
<b>Brazil</b>	45		8		2	<b>55</b>
<b>Bulgaria</b>	23		1			<b>24</b>
<b>Canada</b>	7	7	66	8	22	<b>110</b>
<b>Chile</b>	32	3	1			<b>36</b>
<b>China</b>	148		117	31	160	<b>456</b>
<b>Colombia</b>			1			<b>1</b>

<b>Costa Rica</b>	26				10	<b>36</b>
<b>Croatia</b>	12		1			<b>13</b>
<b>Cuba</b>		1				<b>1</b>
<b>Czech Republic</b>			12	2	4	<b>18</b>
<b>Denmark</b>		4	10	1	3	<b>18</b>
<b>Dominican Republic</b>	5		2		5	<b>12</b>
<b>Ecuador</b>	24		1			<b>25</b>
<b>Estonia</b>			1			<b>1</b>
<b>Finland</b>			5	1	2	<b>8</b>
<b>France</b>	42	4	52	4	22	<b>124</b>
<b>Georgia</b>			2			<b>2</b>
<b>Germany</b>	1	3	80	3	69	<b>156</b>
<b>Greece</b>	32					<b>32</b>
<b>Guatemala</b>	22				1	<b>23</b>
<b>Guyana</b>			1			<b>1</b>
<b>Hong Kong SAR</b>	7		3		2	<b>12</b>
<b>Hungary</b>			11	1	1	<b>13</b>
<b>Iceland</b>	23				1	<b>24</b>
<b>India</b>	108		176	4	9	<b>297</b>
<b>Indonesia</b>	17					<b>17</b>
<b>Ireland</b>	1	2	25		25	<b>53</b>
<b>Israel</b>			5	1	9	<b>15</b>
<b>Italy</b>	82	2	52	4	14	<b>154</b>
<b>Japan</b>	114	4	49	4	43	<b>214</b>
<b>Korea, Republic Of (South)</b>	49	4	14		25	<b>92</b>

<b>Latvia</b>	10		2			12
<b>Lithuania</b>	9		1			10
<b>Macau SAR</b>	2					2
<b>Malaysia</b>	15		3		6	24
<b>Malta &amp; Gozo</b>			2			2
<b>Marshall Islands</b>					1	1
<b>Mauritius</b>					1	1
<b>Mexico</b>	13	1	13	2	6	35
<b>Moldova</b>	5		1			6
<b>Monaco</b>					1	1
<b>Morocco</b>	6					6
<b>Netherlands</b>	1	4	16		7	28
<b>New Zealand</b>			3		2	5
<b>Nicaragua</b>	11				1	12
<b>Norway</b>	19		4			23
<b>Peru</b>	47			1		48
<b>Poland</b>	22	4	12		3	41
<b>Portugal</b>	53		3			56
<b>Romania</b>		1	5			6
<b>Russia</b>			3			3
<b>Senegal</b>	5					5
<b>Singapore</b>			11		8	19
<b>Slovakia</b>					1	1
<b>Slovenia</b>	9		3			12
<b>South Africa</b>			14		1	15
<b>Spain</b>	72	2	22	2	4	102

<b>Sri Lanka</b>	22					<b>22</b>
<b>Sweden</b>		2	17	2	15	<b>36</b>
<b>Switzerland</b>	8	1	39	1	26	<b>75</b>
<b>Taiwan</b>	51		17		23	<b>91</b>
<b>Thailand</b>	1	1	3		3	<b>8</b>
<b>Trinidad &amp; Tobago</b>	19					<b>19</b>
<b>Turkey</b>	28	1	2		3	<b>34</b>
<b>Ukraine</b>			1			<b>1</b>
<b>United Kingdom</b>	7	8	40	4	29	<b>88</b>
<b>Vietnam</b>	19				2	<b>21</b>
<b>Program Totals</b>	<b>1,327</b>	<b>63</b>	<b>976</b>	<b>78</b>	<b>583</b>	<b>3,027</b>
<b><i>FY 2014 Program Estimates</i></b>	<b><i>1,200</i></b>	<b><i>47</i></b>	<b><i>999</i></b>	<b><i>76</i></b>	<b><i>603</i></b>	<b><i>2,925</i></b>

## GAO/OIG Reports

Please provide a listing of all GAO reports conducted on FDA programs and activities in fiscal years 2013, 2014 and 2015 to date.

Response: See the table below for the information requested.

<i>GAO Status Chart</i>	<i>Status</i>	<i>Date of Notification</i>	<i>Report Hyperlink</i>
NHTSA's Process & Oversight of Auto Safety Recalls	Completed	1/14/2011	<a href="http://www.gao.gov/Products/GAO-11-603">http://www.gao.gov/Products/GAO-11-603</a>
USDA's Efforts to Reduce E.coli	Completed	1/21/2011	<a href="http://www.gao.gov/products/GAO-12-257">http://www.gao.gov/products/GAO-12-257</a>
DHS and HHS' CBRN Medical Countermeasures	Completed	1/21/2011	<a href="http://www.gao.gov/Products/GAO-12-121">http://www.gao.gov/Products/GAO-12-121</a>
Report on Cord Blood Unit Donation and Collection	Completed	2/4/2011	<a href="http://www.gao.gov/products/GAO-12-23">http://www.gao.gov/products/GAO-12-23</a>
Funding for Nanotechnology EHS Research	Completed	3/2/2011	<a href="http://www.gao.gov/products/GAO-12-427">http://www.gao.gov/products/GAO-12-427</a>
Pediatric Medical Device Development	Completed	3/3/2011	<a href="http://www.gao.gov/products/GAO-12-225">http://www.gao.gov/products/GAO-12-225</a>
GAO Study on Tobacco Trade Tax Differentials	Completed	4/1/2011	<a href="http://www.gao.gov/products/GAO-12-475">http://www.gao.gov/products/GAO-12-475</a>
FDA IT Modernization	Completed	4/8/2011	<a href="http://www.gao.gov/products/GAO-12-346">http://www.gao.gov/products/GAO-12-346</a>
Drug Shortages	Completed	5/24/2011	<a href="http://www.gao.gov/products/GAO-12-116">http://www.gao.gov/products/GAO-12-116</a>
Cybersecurity Electronic Implantable Med Devices	Completed	5/25/2011	<a href="http://www.gao.gov/products/GAO-12-816">http://www.gao.gov/products/GAO-12-816</a>
FDA's Mandatory Food Recall Authority	Completed	6/2/2011	<a href="http://www.gao.gov/products/GAO-12-589">http://www.gao.gov/products/GAO-12-589</a>
Seafood Safety - Third Party Certification Program	Completed	6/20/2011	<a href="http://www.gao.gov/products/GAO-11-286">http://www.gao.gov/products/GAO-11-286</a>
FDA Staffing/Resources for Food Safety	Completed	7/8/2011	none
Use of Psychotropic Drugs for Children (Special Investigations) Psychotropic Drugs	Completed	7/12/2011	<a href="http://www.gao.gov/products/GAO-13-15">http://www.gao.gov/products/GAO-13-15</a>
FDA Review Times for Drugs	Completed	8/8/2011	<a href="http://www.gao.gov/new.items/d12270t.pdf">http://www.gao.gov/new.items/d12270t.pdf</a>
FDA Review Times for Medical Devices	Completed	8/12/2011	<a href="http://www.gao.gov/products/GAO-12-418">http://www.gao.gov/products/GAO-12-418</a>
USDA and FDA Pesticide Residue Monitoring	Completed	8/12/2011	<a href="http://www.gao.gov/products/GAO-13-145">http://www.gao.gov/products/GAO-13-145</a>
Health Effects of Cell Phones	Completed	8/15/2011	<a href="http://www.gao.gov/products/GAO-12-771">http://www.gao.gov/products/GAO-12-771</a>
Agencies' Implementation of FOIA	Completed	9/27/2011	<a href="http://www.gao.gov/products/GAO-12-828">http://www.gao.gov/products/GAO-12-828</a>
HHS' Medical Countermeasures for Thermal Burns	Completed	10/3/2011	<a href="http://www.gao.gov/products/GAO-12-304R">http://www.gao.gov/products/GAO-12-304R</a>
U.S. Spending on Preventive Health Activities	Completed	10/13/2011	<a href="http://www.gao.gov/products/GAO-13-49">http://www.gao.gov/products/GAO-13-49</a>
PEPFAR Policies on Treatment and Cost	Completed	10/13/2011	<a href="http://www.gao.gov/products/GAO-12-673">http://www.gao.gov/products/GAO-12-673</a>
Infection Control Practices for Blood Borne Pathogen	Completed	1/6/2012	<a href="http://www.gao.gov/products/GAO-12-712">http://www.gao.gov/products/GAO-12-712</a>
Adverse Event Reporting for Dietary Supplements	Completed	1/18/2012	<a href="http://www.gao.gov/products/GAO-13-244">http://www.gao.gov/products/GAO-13-244</a>
EPA's Use of Conditional Registrations	Completed	2/6/2012	<a href="http://www.gao.gov/products/GAO-13-145">http://www.gao.gov/products/GAO-13-145</a>
EPA's Good Laboratory Practice Standards Compliance	Completed	2/6/2012	<a href="http://www.gao.gov/products/GAO-14-289">http://www.gao.gov/products/GAO-14-289</a>
Global Drug Process and Supply Chain Safeguards	Completed	2/13/2012	<a href="http://www.gao.gov/products/GAO-13-897R">http://www.gao.gov/products/GAO-13-897R</a>
FDA Staff Performance Metrics	Completed	2/16/2012	<a href="http://www.gao.gov/products/GAO-12-650R">http://www.gao.gov/products/GAO-12-650R</a>
Domestic Methamphetamine Production	Completed	5/18/2012	<a href="http://www.gao.gov/products/GAO-13-204">http://www.gao.gov/products/GAO-13-204</a>
Pediatric Chemical, Biological Radiological and Nuclear (CBRN) Medical Countermeasures	Completed	6/8/2012	<a href="http://www.gao.gov/products/GAO-13-438">http://www.gao.gov/products/GAO-13-438</a>
Regulations and Global Competitiveness	Completed	6/26/2012	<a href="http://www.gao.gov/products/GAO-13-588">http://www.gao.gov/products/GAO-13-588</a>
Combat Casualty Care Research	Completed	7/19/2012	<a href="http://www.gao.gov/products/GAO-13-209">http://www.gao.gov/products/GAO-13-209</a>
Drug Shortages of Controlled Substances	Completed	7/26/2012	<a href="http://gao.gov/products/GAO-15-202">http://gao.gov/products/GAO-15-202</a>
Wait Times for Cargo Inspections	Completed	8/7/2012	<a href="http://www.gao.gov/prerelease/cs8y">http://www.gao.gov/prerelease/cs8y</a>
Electronic Drug Labeling	Completed	8/31/2012	<a href="http://www.gao.gov/products/GAO-13-592">http://www.gao.gov/products/GAO-13-592</a>
Health Care Fraud and Abuse Control (HCFA)	Completed	9/12/2012	<a href="http://www.gao.gov/products/GAO-13-746">http://www.gao.gov/products/GAO-13-746</a>
FDA's Review of Tobacco Products	Completed	9/18/2012	<a href="http://www.gao.gov/products/GAO-13-723">http://www.gao.gov/products/GAO-13-723</a>
Internet Pharmacies	Completed	9/24/2012	<a href="http://www.gao.gov/products/GAO-13-560">http://www.gao.gov/products/GAO-13-560</a>
Pesticide Residue in Food	Completed	10/12/2012	<a href="http://www.gao.gov/products/GAO-15-38">http://www.gao.gov/products/GAO-15-38</a>
Security of Non-Medical Radiological Sources	Completed	10/22/2012	<a href="http://www.gao.gov/assets/670/663917.pdf">http://www.gao.gov/assets/670/663917.pdf</a>
DHS's Regional Resilience Assessment Program	Completed	11/7/2012	<a href="http://www.gao.gov/assets/660/656344.pdf">http://www.gao.gov/assets/660/656344.pdf</a>
Drug Shortages Mandate	Completed	11/15/2012	<a href="http://www.gao.gov/products/GAO-14-194">http://www.gao.gov/products/GAO-14-194</a>
Stop Trading on Congressional Knowledge (STOCK) Act Mandate	Completed	11/20/2012	<a href="http://www.gao.gov/assets/660/653532.pdf">http://www.gao.gov/assets/660/653532.pdf</a>
Oversight of Pharmacy Compounding	Completed	12/3/2012	<a href="http://www.gao.gov/products/GAO-13-702">http://www.gao.gov/products/GAO-13-702</a>
HHS Public Health Emergency Medical Countermeasures Enterprise (PHEMCE)	Completed	4/17/2013	<a href="http://www.gao.gov/products/GAO-14-90">http://www.gao.gov/products/GAO-14-90</a>
Chemical Risk Assessment	Completed	5/13/2013	<a href="http://www.gao.gov/products/GAO-14-763">http://www.gao.gov/products/GAO-14-763</a>
Incremental Development of Major Federal IT Investments	Completed	6/11/2013	<a href="http://www.gao.gov/products/GAO-14-361">http://www.gao.gov/products/GAO-14-361</a>
HHS' Chemical, Biological, Radiological, and Nuclear (CBRN) Flexible Manufacturing Capacity	Completed	7/11/2013	<a href="http://www.gao.gov/products/GAO-14-329">http://www.gao.gov/products/GAO-14-329</a>
Coordination of Efforts to Reduce Prescription Drug Abuse	Completed	7/31/2013	<a href="http://www.gao.gov/products/GAO-15-471">http://www.gao.gov/products/GAO-15-471</a>
Data Collection on Retrospective Regulatory Review Activities	Completed	8/5/2013	<a href="http://www.gao.gov/products/GAO-14-268">http://www.gao.gov/products/GAO-14-268</a>
Role of the Agency Priority Goal Leader under the GPRA Modernization Act	Completed	8/7/2013	<a href="http://www.gao.gov/products/GAO-14-639">http://www.gao.gov/products/GAO-14-639</a>
Department of Defense (DOD) Efforts to Develop Medical Countermeasures Against Biological Agents	Completed	8/20/2013	<a href="http://www.gao.gov/products/GAO-14-442">http://www.gao.gov/products/GAO-14-442</a>

<i>GAO Status Chart</i>	<i>Status</i>	<i>Date of Notification</i>	<i>Report Hyperlink</i>
Review of Authorities [and Resources] Granted to the FDA under the Family Smoking Prevention and Tobacco Control Act	Completed	8/22/2013	<a href="http://www.gao.gov/products/GAO-14-561">http://www.gao.gov/products/GAO-14-561</a>
Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs' Expenditure Compliance for FY 2012	Completed	9/23/2013	<a href="http://www.gao.gov/products/GAO-14-431">http://www.gao.gov/products/GAO-14-431</a>
Department of Homeland Security (DHS) Efforts to Assess Vulnerabilities of Critical Infrastructure	Completed	9/24/2013	<a href="http://www.gao.gov/assets/670/665788.pdf">http://www.gao.gov/assets/670/665788.pdf</a>
FDA Foreign Offices	Completed	10/22/2013	<a href="http://www.gao.gov/products/GAO-15-183">http://www.gao.gov/products/GAO-15-183</a>
DOD Planning and Preparedness for Threats Posed by Non-Traditional Chemical Agents	Completed	11/13/2013	Classified, no public report
EPA's Good Laboratory Practice Standards Compliance Monitoring Program	Completed	11/13/2013	<a href="http://www.gao.gov/products/GAO-14-289">http://www.gao.gov/products/GAO-14-289</a>
Newborns with Drug Withdrawal	Completed	11/15/2013	<a href="http://www.gao.gov/products/GAO-15-203">http://www.gao.gov/products/GAO-15-203</a>
Psychotropic Drug Prescribing Practices	Completed	11/20/2013	<a href="http://www.gao.gov/products/GAO-15-211">http://www.gao.gov/products/GAO-15-211</a>
VA Transplant Safety	Completed	11/26/2013	<a href="http://www.gao.gov/products/GAO-14-463T">http://www.gao.gov/products/GAO-14-463T</a>
Consumer Product Safety Duplication, Overlap, and Fragmentation	Completed	12/5/2013	<a href="http://www.gao.gov/products/GAO-15-52">http://www.gao.gov/products/GAO-15-52</a>
National Vaccine Injury Compensation Program	Completed	2/14/2014	<a href="http://www.gao.gov/products/GAO-15-142">http://www.gao.gov/products/GAO-15-142</a>
Regulatory Guidance Processes at USDA, HHS, and Education	Completed	2/18/2014	<a href="http://www.gao.gov/products/GAO-15-368">http://www.gao.gov/products/GAO-15-368</a>
Federal Veterinarian Workforce	Completed	2/26/2014	<a href="http://www.gao.gov/products/GAO-15-495">http://www.gao.gov/products/GAO-15-495</a>
Small Business Venture Capital	Completed	3/6/2014	<a href="http://www.gao.gov/products/GAO-15-68">http://www.gao.gov/products/GAO-15-68</a>
Executive Branch Efforts to Address Fragmentation in Federal Oversight of Food Safety	Completed	3/19/2014	<a href="http://www.gao.gov/products/GAO-15-180">http://www.gao.gov/products/GAO-15-180</a>
Federal Facility Cybersecurity	Completed	4/18/2014	<a href="http://www.gao.gov/products/GAO-15-6">http://www.gao.gov/products/GAO-15-6</a>
Federal Mobile Telecommunication	Completed	4/21/2014	<a href="http://www.gao.gov/products/GAO-15-431">http://www.gao.gov/products/GAO-15-431</a>
Drug Impaired Driving	Completed	4/24/2014	<a href="http://gao.gov/products/GAO-15-293">http://gao.gov/products/GAO-15-293</a>
TRICARE Coverage of Compounded Drugs	Completed	4/29/2014	<a href="http://www.gao.gov/products/GAO-15-64">http://www.gao.gov/products/GAO-15-64</a>
SBIR and STTR Programs Expenditure Compliance for FY2013	Completed	8/13/2014	<a href="http://www.gao.gov/products/GAO-15-358">http://www.gao.gov/products/GAO-15-358</a>
Evolution of the National Biosurveillance Integration Center (NBIC)	Ongoing	6/17/2014	
Regulation of Drug Compounding for Use in Animals	Ongoing	6/17/2014	
U.S. Capitol Power Plant	Ongoing	6/20/2014	
Federal Coordination of Regenerative Medicine Activities	Ongoing	6/30/2014	
SBIR and STTR Programs Expenditure Compliance for FY2013	Completed	8/13/2014	
Regulatory User Fees	Ongoing	9/3/2014	
Sector-Specific Agencies' Cybersecurity Efforts (311321)	Ongoing	9/30/2014	
Illicit Tobacco Imports and E-Cigarettes	Ongoing	10/16/2014	
Emerging Swine Diseases	Ongoing	10/20/2014	
ORISE Fellowship Program	Ongoing	10/27/2014	
Genetically Engineered Crops	Ongoing	11/5/2014	
FDA Medical Device Postapproval Studies	Ongoing	12/19/2014	
FDA Expedited Approvals	Ongoing	12/19/2014	
Review of FDA's Regulatory Science	Ongoing	12/19/2014	
FDA Integration of Federal, State, and Local Food Safety Oversight	Ongoing	1/27/2015	
Biosafety and Biosecurity of Federal Laboratories	Ongoing	1/27/2015	
FDA Protection of Food Safety Using PREDICT	Ongoing	2/11/2015	
Hyperbaric Oxygen Therapy for PTSD and TBI	Ongoing	3/6/2015	
FDA Information Technology Strategic Plan	Ongoing	3/10/2015	
Information Security Control Review of FDA Systems	Ongoing	3/18/2015	
Information Quality Act	Ongoing	3/25/2015	
FDA Strategic Management	Ongoing	3/31/2015	
Federal Manufacturing Programs	Ongoing	4/30/2015	
Rare Pediatric Disease Priority Voucher Incentive Program	Ongoing	5/22/2015	
Federal and State Oversight of Drug Compounding	Ongoing	6/5/2015	
Oversight of Vehicle Safety Defects and New Technologies	Ongoing	6/15/2015	
Agencies' Compliance with SBIR and STTR Spending and Other Requirements for FY 2014	Ongoing	6/22/2015	
Generic Drug Prices	Ongoing	7/9/2015	

<i>GAO Status Chart</i>	<i>Status</i>	<i>Date of Notification</i>	<i>Report Hyperlink</i>
Inactivation and Attenuation Protocols in High Containment Laboratories	Ongoing	7/28/2015	
FDA Integration of Federal, State, and Local Food Safety Oversight	Ongoing	1/27/2015	
Biosafety and Biosecurity of Federal Laboratories	Ongoing	1/27/2015	
FDA Protection of Food Safety Using PREDICT	Ongoing	2/11/2015	
Review of the National Institute of Environmental Health Sciences' Funding for Bisphenol A (BPA) Safety Research	Ongoing	2/17/2015	
Hyperbaric Oxygen Therapy for PTSD and TBI	Ongoing	3/6/2015	
FDA Information Technology Strategic Plan	Ongoing	3/10/2015	
Food and Drug Administration's Process for Recalling Food Products	Ongoing	3/17/2015	
Information Security Control Review of FDA Systems	Ongoing	3/18/2015	
Information Quality Act	Ongoing	3/25/2015	
Review of Food and Drug Administration Ebola Response and Funding	Ongoing	3/27/2015	
FDA Strategic Management	Ongoing	3/31/2015	
Federal Manufacturing Programs	Ongoing	4/30/2015	
Rare Pediatric Disease Priority Voucher Incentive Program	Ongoing	5/22/2015	
Federal and State Oversight of Drug Compounding	Ongoing	6/5/2015	
Oversight of Vehicle Safety Defects and New Technologies	Ongoing	6/15/2015	
Agencies' Compliance with SBIR and STTR Spending and Other Requirements for FY 2014	Ongoing	6/22/2015	
Generic Drug Prices	Ongoing	7/9/2015	
Inactivation and Attenuation Protocols in High Containment Laboratories	Ongoing	7/28/2015	

### Generic Drug Proposed Rule on Labeling

During the FDA hearing last year, some of the members on this panel raised concerns about the potential negative impacts from an FDA proposed rule that had the potential to allow different warning labels in the marketplace at one time. There were also questions raised about FDA's meeting with a trial lawyer group prior to FDA's issuing of the proposed regulation. Congress included language in the FY 2015 Omnibus report calling for FDA to meet with the regulated pharmaceutical industries within 30 days of enactment.

Can you provide the Subcommittee with a status of this proposed rule and what FDA did with information collected from the stakeholders? I would note that the primary regulated industries wrote you a letter last fall on an agreed regulatory approach and so we were curious as to whether or not FDA would consider and adopt much of the agreement between the two.

Response: FDA seeks to ensure that patients and their healthcare providers receive access to the most recent drug safety information, whether it emerges from experience with an innovator drug or a generic drug or biologic, and that systems enable rapid and responsive communication of information.

The agency has scheduled a public meeting on March 27 to promote transparency and obtain feedback from all stakeholders on the proposed rule and alternatives. Stakeholders may present or comment on the proposed rule or an alternative. We intend to listen carefully and to consider thoughtfully all options to accomplish our shared public health goals.

We have also reopened the comment period for the proposed rule through April 27 to receive submissions of additional written comments on the proposed rule and alternative proposals presented during the public meeting. FDA will also arrange for a transcript of the meeting to be made part of the public docket.

FDA will determine next steps based on our analysis of comments on the proposed rule and additional information submitted as part of the public meeting.

The Unified Agenda, available at

<http://www.reginfo.gov/public/do/eAgendaViewRule?pubId=201504&RIN=0910-AG94>, currently lists an anticipated publication date of February 2016 for the final rule.

### Genomic Editing

What is the FDA's process for receiving an application related to genomic editing?

Response: There are currently no FDA-approved products related to genomic editing. If any product or product related to genomic editing is intended for the implantation, transplantation, infusion or transfer into a human recipient, FDA requires sponsors to submit an Investigational New Drug (IND) application as directed under Title 21 Code Federal Regulations (CFR) Part 312. The process is the same for any IND product application submitted to the FDA. The process on how to submit an IND and other information can be accessed on the FDA website at: <http://www.fda.gov/biologicsbloodvaccines/developmentapprovalprocess/investigationalnewdrugindordeviceexemptionideprocess/default.htm>

Does the Agency automatically accept them if not acted upon within 30 days? If so, can you further explain the policy of accepting an application within 30 days? When and on what basis is an application refused?

Response: FDA is required to review Investigational New Drug – IND- applications submitted by sponsors for the product and indication specified. Under the IND regulations, Title 21 Code of Federal Regulations (CFR) Part 312, FDA can put a study on hold within 30 days of receiving the application (Title 21 CFR section 312.42); however, if FDA reviews an application and does not put it on hold within 30 days, or if FDA does not review an application and does not put it on hold, the study may proceed.

The grounds for imposition of a clinical hold for a proposed or ongoing investigation include:

- Human subjects are or would be exposed to an unreasonable and significant risk of illness or injury; or

- The clinical investigators named in the IND are not qualified by reason of their scientific training and experience to conduct the investigation described in the IND; or
- The investigator brochure is misleading, erroneous, or materially incomplete; or
- The IND application does not contain sufficient information needed to assess the risks to subjects of the proposed studies; or
- The IND application is for the study of an investigational drug intended to treat a life-threatening disease or condition that affects both genders, and men or women with reproductive potential who have the disease or condition being studied are excluded from eligibility because of a risk of reproductive toxicity (i.e., affecting reproductive organs) or developmental toxicity (i.e., affecting potential offspring).

Information on clinical hold can be found on FDA's website at:

<http://www.fda.gov/Drugs/DevelopmentApprovalProcess/HowDrugsareDevelopedandApproved/ApprovalApplications/InvestigationalNewDrugINDApplication/ucm362971.htm>

Would blocking an application require the use of appropriated funds? Could FDA utilize user fees to support action on such an application?

Response: Products related to genomic editing intended for the implantation, transplantation, infusion, or transfer into a human recipient are biological drug products regulated under section 351 of the Public Health Service Act and the Federal Food, Drug and Cosmetic Act. These products are subject to premarket review and approval requirements. The process for review of these products may be supported by a user fee program. Manufacturers of such products must perform non-clinical safety studies and conduct human clinical studies under an IND. In evaluating such an IND, FDA would determine whether or not any of the clinical hold criteria in 21 CFR 312.42 were present.

What authority would FDA use to stop an applicant from proceeding with genomic editing research without the use of funds?

Response: The authorities for FDA to regulate genomic editing intended for the implantation, transplantation, infusion, or transfer into a human recipient are the Public Health Service Act and the Federal Food, Drug and Cosmetic Act. Any FDA actions would be based on a careful review of the statutes affecting the availability of funds.

Please elaborate on how the Institutional Review Board (IRB) reviews applications involving human embryos?

Response: FDA's regulations require IRB review of all clinical investigations of articles regulated by FDA as drugs (including biological products that are drugs) and devices, as well as clinical investigations conducted in support of applications for research or marketing permits for other articles regulated by the agency. Part 56 of

Title 21 of the CFR addresses the requirements for IRB review of such studies in human subjects. These regulations would apply to investigations in humans involving a modified embryo. In addition, under some circumstances the Common Rule would apply to the IRB's review. See 45 CFR Part 46.

#### Industry-funded research

What is FDA's position as it relates to industry-funded or industry-conducted research?

Response: During the research and development process in both the pre and post marketing setting, the medical products industry conducts studies of drugs, biologics and devices. The sponsor collects and analyzes the data generated by this research and then submits its analyses and, ordinarily the "raw data" to the FDA as part of a product marketing application or as a supplement to that application. It is the role of the FDA to conduct a benefit/risk assessment, often including FDA's own analyses of the data, to determine whether the investigational product should be approved or, for an approved product, to determine whether the risk benefit assessment has changed. For an investigational product, this benefit/risk assessment must culminate in an assessment of whether the data submitted by the product sponsor show that a product is safe and effective for its intended use.

Do you agree the industry has a role to play in conducting research related to its products and submitting the data to FDA for its evaluation?

Response: The role of the medical products industry is to conduct research and development of new drugs, devices, and biologics. The data generated from this research forms the basis of a product marketing application or a supplement. It is the role of the FDA to evaluate the application and to determine whether it demonstrates that the product is safe and effective for its intended use and is appropriately labeled such that the prescriber and patient are completely informed as to the potential risks and benefits of the product.

Isn't FDA the final arbiter of all industry-submitted data or scientific analyses?

Response: With respect to medical products under FDA's purview, under the applicable statutes, FDA determines whether marketing applications demonstrate that the products are safe and effective for their intended uses and that all labeling and packaging is truthful and not misleading. As such, FDA reviews and assesses the scientific data and analyses submitted by product sponsors and, as needed, conducts its own research in evaluation of marketing applications and supplements for medical products.

FDA has numerous advisory committees that provide independent advice and recommendations to the FDA on scientific and technical matters related to the

development and evaluation of medical products regulated by the FDA. While the committees provide recommendations to the FDA, final decisions are made by FDA.

If a sponsor disagrees with a regulatory decision made by FDA, several dispute resolution remedies may be available including, but not limited to, agency supervisory review, opportunity for an administrative hearing, and judicial review.

#### Medical Countermeasures Initiative (MCMi)

Provide a current update on the \$24,504,000 that the Congress provided to FDA in fiscal year 2015. Include a copy of the spending plan that accompanied this increase and any modifications to that plan since it was submitted. Also provide updates on the \$25 million appropriated to FDA for the Ebola effort in fiscal year 2015, including how much of this appropriation has been obligated to help combatting the Ebola outbreak.

Response: In FY 2015, Congress provided FDA \$24,552,000 to support its Medical Countermeasures Initiative (MCMi). The following table lists the breakdown of the FY 2015 MCMi base funding by Center/Office.

<b>FY 2015 MCMi Base Funding (\$ millions)</b>		
<b>Center/Office</b>	<b>BA</b>	<b>BA FTE</b>
CBER	2.395	10.00
CDER	6.020	21.50
CDRH	4.001	16.00
HQ – OC*	10.312	33.00
GSA Rent & Rent Related	1.824	0.00
<b>Total</b>	<b>24.552</b>	<b>80.50</b>

\*HQ – OC base resources include \$8.686M to support FTE as well as \$1.626M to support the MCMi Regulatory Science Program

In FY 2015, Congress provided FDA \$25,000,000 supplemental funding in the FY 2015 Omnibus for Ebola response activities. FDA is using this funding to: (1) support response activities, including conducting product review, engaging with US Government agencies and international regulatory health agencies and organizations to facilitate product development and evaluation, and monitoring for fraudulent Ebola products; and (2) to support research under the FDA's Medical Countermeasures Initiative Regulatory Science Program to help expedite the development and availability of medical products for Ebola.

The following table lists the breakdown of FDA's Ebola supplemental funding by Center/Office, including obligations.

<b>FDA Ebola Emergency Appropriation (\\$ millions)</b>				
<b>Center/Office</b>	<b>BA</b>	<b>BA FTE</b>	<b>Commitments (as of 6/30/15)</b>	<b>Obligations (as of 6/30/15)</b>
CBER	4.8	17.0	0.000	0.52
CDER	1.9	7.0	0.000	0.57
CDRH	2.4	9.5	0.370	0.70
HQ – OC*	15.4	2.0	1.63	0.16
ORA	0.5	0.0	0.000	0.02
<b>Total</b>	<b>25.0</b>	<b>35.5</b>	<b>2.0</b>	<b>1.97</b>

\*HQ – OC resources include \$0.4 million to support FTE as well as \$15 million to support the MCMi Regulatory Science Program

### Menu Labeling

FDA published the Final Rule for Nutrition Labeling of Standard Menu Items at Chain Restaurants, on Dec. 1, 2014. Since FY 2014, Congress included Report Language instructing FDA to NOT expand the final regulations to supermarkets and grocery stores. Yet in the final rule, FDA disregarded this instruction and not only regulated chain restaurants but also supermarkets, grocery stores, convenience stores, gas stations, and a whole host of other retailers.

Please explain why FDA chose to ignore the explicit statements accompanying the appropriations and expand the regulations even further.

Response: During our notice and comment rulemaking process, FDA received a wide range of comments from consumers, various food industries, and others. The comments from the supermarket and grocery store industries supported limiting the coverage of the final rule on menu labeling so that it did not cover items sold in their retail establishments. We also received comments from the restaurant industry arguing that the labeling requirements should be evenly applied across not just restaurants, but also similar retail food establishments selling comparable food items, and comments from public interest groups and from some states arguing for maximum coverage to increase the public health benefits of the final rule. Additionally, in comments and other communications, we heard from members of Congress. Some stated that the final rule should cover food sold in a broader range of establishments, whereas others stated that the final rule should be limited to chain restaurants.

In the proposed rule, we stated that the statutory language “restaurants and similar retail food establishments” is ambiguous with respect to the scope of establishments covered and we discussed several approaches that could be used to define these types of establishments. We specifically asked for comment on the approaches discussed and what types of establishments should be included.

As we developed the menu labeling rule, we became increasingly aware of how complex the American retail food industry is with respect to foods prepared away from home. We learned that Americans have a broad range of venues where they can purchase restaurant-type foods; the need for calorie and other nutrition information about these foods does not change depending on whether they are purchased in a grocery store or at a fast food restaurant.

In light of the comments and other information we considered during the rulemaking process, we revised our proposed definition of “restaurant or similar retail food establishment” to include certain additional establishments based on the types of foods sold in these establishments. For example, many grocery stores now sell a great deal of foods ordered from a menu or menu board (e.g., soups, sandwiches, salads), and self-service food (e.g., hot buffet food) or food on display (e.g., sandwiches at a deli counter), which is likely to be the type of food sold in grocery stores covered by the rule; self-service food and food on display are addressed in section 403(q)(5)(H)(iii) of the Federal Food, Drug, and Cosmetic Act. FDA, however, did narrow the scope of foods covered and explained that the foods that are covered are “restaurant-type foods,” which is generally food that is usually eaten on the premises, while walking away, or soon after arriving at another location. FDA’s aim was to cover the food most like the food offered for sale in restaurants, and not foods that are more similar to groceries, such as those foods that are often stored by the consumer for use at a later time or that are customarily further prepared before consumption (e.g., bulk containers of potato salad, deli meats, loaves of bread). In the end, FDA clarified and refined the criteria for determining whether an establishment is covered by the final rule to provide the greatest public health benefit to consumers and cover establishments that offer for sale food that is most like food served in restaurants.

How must local grocery chain comply with the final regulation absent greater clarification that would be provided with a guidance document?

Response: On July 10, 2015, we extended the compliance date for the final rule to December 1, 2016, to allow adequate time for covered establishments to fully implement the final rule’s requirements. FDA issued a draft guidance document on September 11, 2015 that provides answers to some of the more frequently asked and cross cutting questions that FDA has received to help covered establishments, including grocery stores, comply with the rule. In addition, on March 13, 2015, FDA published a small entity compliance guide entitled “Guidance for Industry: Nutrition Labeling of Standard Menu Items in Restaurants and Similar Retail Food Establishments; Small Entity Compliance Guide.” Although this guide is written to help small businesses comply with the final rule, the guide can serve as a resource for any business in complying with the requirements of the rule.

In the meantime, FDA has been responsive to numerous inquiries received at [CalorieLabeling@fda.hhs.gov](mailto:CalorieLabeling@fda.hhs.gov). Furthermore, we have met with numerous businesses/trade associations and have provided presentations at many conferences

and other venues to answer stakeholder questions regarding the menu labeling requirements.

FDA's final rule mandates that approximately 300,000 restaurants and similar retail food establishments comply with the rule by December 1, 2015. The agency provides a December 1, 2016 compliance date for similar rules released simultaneously that apply to foods sold through vending machines.

We have heard from a number of constituencies awaiting clarification from FDA on many unresolved questions and expressing serious concerns about their ability to comply with the menu labeling regulations by December 1, 2015. FDA has yet to provide regulated industries with additional compliance time as they await forthcoming guidance, increasing the likelihood for errors, further corrections, and higher compliance costs due to uncertainty.

As I said in my opening statement, FDA has to be aware of the comprehensive cost of regulations. In a vacuum, these regulations may seem logical and relatively easy to comply with. However, the Federal Government is forcing major costs on industry from numerous sectors of the government and in aggregate, place undue cost on business.

Granted FDA extended the implementation date beyond what was in the proposed rule, but why did FDA only allow for one year?

Response: The initial one year compliance date was established after considering the comments received. At the time, FDA believed that one year was sufficient time for covered establishments to come into compliance with the requirements of this rule. However, as noted in the response to the previous question, on July 10, 2015, FDA extended the compliance date to December 1, 2016.

What would happen if FDA extended its compliance date of the final menu labeling regulations until December 1, 2016, to provide regulated entities—more time to comply with the law and have a better chance for FDA to meet the intent of the law?

Response: FDA has extended the compliance date until December 1, 2016.  
See - <https://www.federalregister.gov/articles/2015/07/10/2015-16865/food-labeling-nutrition-labeling-of-standard-menu-items-in-restaurants-and-similar-retail-food>.

There is much debate about the need to mandate labeling for those foods with genetically modified ingredients. FDA has made science-based statements in the past that clearly indicate no difference in the safety of conventional versus genetically modified foods.

#### Pathway to Global Product Safety and Quality

Provide the Committee with an update of activities that have occurred during the past year regarding the Pathway initiative, including efforts to conduct more risk assessments and information sharing.

Response: In June 2011, FDA published a report entitled, “Pathway to Global Product Safety and Quality” (“Pathway Report”). FDA has implemented a number of strategies and activities to address global challenges and the path forward articulated in the Pathway Report. These approaches and activities are comprehensive and were incorporated into FDA’s strategic plan for 2014 to 2018, as well as the Agency’s priorities and general efforts in response to globalization. These activities continue to evolve to keep pace with a fluid regulatory environment and global landscape.

FDA’s Office of International Programs (OIP) strategic plan focuses on five strategic approaches: advancing diplomacy; strengthening global regulatory systems; collecting and sharing information; utilizing global data networks and analytics; and achieving operational, workforce and organizational excellence.

To advance diplomacy, the Agency has strengthened longstanding relationships with regulatory counterparts and global coalitions. FDA utilizes information-sharing arrangements with other countries and multilateral partners. Many of these arrangements are confidentiality commitments, which allow FDA and its partners to exchange selected nonpublic information, a foundation of many of the Agency’s international cooperative activities. In FY 2015, FDA implemented 10 new confidentiality commitments to promote information-sharing with foreign counterpart agencies and international organizations. The Agency also signed five other cooperative arrangements to further cooperative activities with foreign counterparts.

FDA works with our foreign regulatory partners to strengthen global regulatory systems and inspectional capacity in several countries. Under this approach, FDA has afforded regulatory counterparts with the opportunity to observe FDA inspections. For example, in FY 2015, after the signing of two cooperative arrangements with FDA’s Chinese counterparts, the number of FDA inspections that Chinese regulatory authorities observed increased. Indian drug regulatory authorities also observe FDA inspections, and FDA’s India Office and the Indian drug regulatory authority have devised a feedback form to collect data pertaining to either regulatory agency’s observations of the other’s inspections. This data-gathering exercise will facilitate data analyses for developing a better understanding of current inspectional and regulatory practices of each regulatory agency and developing strategies to better align each other’s regulatory work. As another example, the engagement of FDA’s Latin America Office with Mexican counterparts allows for joint FDA-Mexico environmental assessments and joint inspections at firms in Mexico.

FDA’s overseas office without investigators, the Europe Office, also contributes to FDA’s international inspections by providing pre-inspection briefings, coordinating with foreign competent authorities and USG interagency personnel in-country, and analyzing reports/audits by regulatory counterparts to aid in facility selection. Together with the Office of Regulatory Affairs (ORA) and FDA Centers, the Europe Office has helped facilitate joint inspections, U.S. audits of the European Union (EU) for equivalence determinations in the areas of molluscan shellfish and Grade A dairy

products, EU audits of the United States for active pharmaceutical ingredients, supported the FDA/European Commission (EC)-European Medicines Agency (EMA) mutual reliance initiative, and arranged technical exchanges to promote regulatory cooperation and alignment.

FDA also works to strengthen global regulatory systems through information sharing and through instructional seminars delivered by FDA staff based at our foreign offices. In FY15, one of FDA's Chinese counterpart organizations published their guidance on unannounced and for-cause inspections that adopted concepts from the FDA's laws, regulations, and guidance that they learned through the China Office's collaboration and capacity building efforts and FDA's annual bilateral meetings. In another example, in response to the Latin America Office's information exchange on products that may pose a risk to human health, one of the Mexican counterpart agencies has implemented an internal procedure to follow up on FDA information as a mode to prevent the commercialization of risky products, seize contaminated products, and close manufacturing facilities and warehouses. Regarding instructional seminars, FDA's India Office is in dialogue with Indian regulators to collaborate on workshops, including training for Indian regulators on current good manufacturing practices for medical products, good clinical practices, and data integrity and data quality, as well as dialogue to offer training on food safety and labeling.

FDA sees great opportunity in strengthening regulatory systems globally. Since the passage of a World Health Assembly Resolution in support of stronger regulatory systems, FDA has helped to lead efforts in implementing key components of the resolution. These include support for the development of a global competency and curriculum framework for regulators in low and middle income countries, and participation in a series of global consultations on the assessment of regulatory systems. Both of these efforts are conducted in collaboration with the World Health Organization.

The Agency's activities to collect and share intelligence and information incorporate an increased focus on expanding FDA's knowledge of the global landscape. FDA's foreign offices assist the Centers by gathering various types of information related to inspections, outbreaks, and product recalls. FDA's foreign offices also engage with foreign regulatory counterparts on intelligence gathering.

Because of its overseas presence, the Agency is able to utilize global data networks and analytics to gather and share information in real-time to assist with the Agency's decision-making. For example, FDA expanded upon its efforts to regulate the quality and safety of products entering the United States from China through the China Safety Initiative. Through partnerships, the China Safety Initiative includes a project to verify 1,150 manufacturing and production sites of FDA-regulated commodities in China to better assess inspection prioritization needs, in addition to other projects that utilize innovative methodologies and monitoring of non-traditional data sources to better inform Agency decision-making.

Additionally, the Europe Office facilitates a robust dialogue between FDA and mature regulatory counterparts in Europe. These counterparts represent a rich source of data, information, and technical expertise that, through cooperation, greatly enhances the ability of the Agency to conduct risk assessment, implement risk management measures, and expands our inspectional reach. In FY 2015, the Europe Office helped facilitate the interaction of 14 scientific and regulatory clusters. Much of this work is underpinned by the 48 confidentiality commitments with entities in Europe which allow sharing of non-public information.

FDA's OIP continues to focus on achieving operational, workforce and organizational excellence. Highlights of workforce planning key accomplishments include: posting open continuous vacancy announcements as a recruitment tool for would-be investigators overseas; utilizing OIP's tour renewal and extension program to renew deployments abroad with input from ORA and the Centers; and providing short-term temporary duty (TDY) deployments to meet the Agency's immediate workforce needs. The Agency will continue to build upon these successes as it expands its overseas staff in the future.

In addition, in partnership with the FDA Office of Human Resources and subject matter experts from across the agency, OIP is in the process of developing a comprehensive strategic workforce plan for 2015 through 2020. In accordance with GAO recommendations, the purpose of the workforce plan is to develop an effective and strategic roadmap for the OIP Overseas Offices that incorporates the Commissioner's commodity-based program alignment strategy, specialized investigators, compliance officers, and managers into its overseas workforce, and positions OIP to have the resources to fulfill the inspectional mandates of the Food Safety Modernization Act (FSMA) and the Food and Drug Administration Safety and Innovation Act (FDASIA).

Has the FDA completed its evaluation of an action plan for the initiative? What is the current status of the action plan? Please provide a copy of that plan for the record. If FDA has not completed the plan, when does the FDA plan to complete it?

Response: FDA's 2014 to 2018 Strategic Priorities are laid out in the Report found at this location  
<http://www.fda.gov/downloads/AboutFDA/ReportsManualsForms/Reports/UCM416602.pdf>.

One of the Agency's five cross-cutting strategic priorities is on Globalization. More information on that may be found on page 7 of the Strategic Priorities report.

Provide an update on the strategies FDA is utilizing to handle the growth in imported products? Please be specific.

Response: FDA continues to assess and improve our Predictive Risk-based Evaluation for Dynamic Import Compliance Targeting (PREDICT) screening tool, deployed in 2009. In FY2015, we have expanded PREDICT's automated database look-up capability to include pharmaceutical products, which will allow for more efficient system processing of compliant entries. Also in FY2015, we have implemented line level release capability, which allows for the system release of individual lines within an entry. Before this change, system releases could only be issued for entire entries, which often resulted in holds for otherwise releasable products. With line level release, fewer products identified as lower risk are held for human review, making our entry review process more efficient.

FDA continues to develop new capabilities for the Import Trade Auxiliary Communication System (ITACS), which facilitates two-way communication with the import trade community. ITACS allows users to check the status of FDA-regulated entries and lines, to submit entry documentation, and to submit the location and availability of goods for those lines targeted for FDA exam. The system is currently under contract for modification to allow for FDA notifications to be sent directly to regulated industry electronically, which allows for more timely and efficient communications.

FDA continues to collaborate with U.S. Customs and Border Protection (CBP) and other participating government agencies in the development of CBP's Automated Commercial Environment (ACE) which is planned for initial testing and roll out later this year. FDA's participation in ACE includes defining data submission requirements for various commodity areas. Successful submission of the data elements will allow for more efficient entry processing through our PREDICT screening tool and thus increase the potential for system releases of compliant product. This will allow for less time engaged in human review of these compliant products, and more available time to investigate importations of higher risk products.

FDA continues to leverage partnerships with other government agencies and industry groups. One example is FDA's participation in the Border Interagency Executive Council (BIEC). BIEC is comprised of representatives from numerous Federal agencies, providing a forum for interagency coordination to fulfill requirements under Executive Order 13659 on streamlining the export/import process for America's businesses. BIEC is currently working on many areas benefitting Federal agencies and the trade community, including information sharing, electronic transmission of documents, and trusted partnership programs.

FDA also leverages partnerships through our involvement in the Advisory Committee on Commercial Operations of Customs and Border Protection (COAC). COAC is a 20 member council that meets quarterly and advises government agencies on the commercial operations of CBP and related functions, taking into consideration issues such as global supply chain security and facilitation; CBP modernization and automation; air cargo security; customs broker regulations; trade enforcement; and the U.S. government approach to trade and safety of imports, agriculture inspection, and

protection of intellectual property rights. Currently, FDA and the other government agencies are assessing 32 recommendations made by COAC related to import operations.

Another area of partnership is FDA's involvement in the Commercial Targeting and Analysis Center (CTAC). CTAC includes representatives from partner agencies in order to share knowledge, experience, and best practices for effective enforcement of our nation's laws. CTAC provides a streamlined communication channel between agencies, enhancing Federal efforts to address import safety issues.

Provide the Committee with an update on the use of third-party audits.

Response: Pursuant to the FDA Food Safety Modernization Act (FSMA), FDA is working to develop a voluntary Accredited Third-Party Certification Program. Under the program, FDA will recognize accreditation bodies to accredit certification bodies to conduct rigorous and independent food safety audits of foreign food facilities and, where appropriate, to issue food and facility certifications. These certifications may be used to facilitate the entry of imports under the Voluntary Qualified Importer Program or when certification is required for admission of a food FDA determines poses a safety risk. These privately conducted audits will not replace FDA inspections, but rather will provide additional tools to ensure FDA makes the best, most efficient use of both public and private resources in the oversight of a safe food supply.

On July 23, 2015, FDA published a proposed rule to establish user fees for participation in the FSMA third-party certification program, as well as a draft guidance on model standards containing FDA recommendations on the qualifications that third-party auditors/certification bodies, and their auditing agents, should have to become accredited. The user fee proposed rule and the Model Accreditation Standards draft guidance, when finalized, will complement the July 2013 Accreditation of Third-Party Auditors/Certification Bodies proposed rule that is scheduled to become final this fall. When the voluntary FSMA third-party certification program becomes operational, it will facilitate food safety protections, benefit trade, improve efficiency of FDA oversight of imported foods, and increase efficiency and reduce costs for importers with a high level of control over the safety and security of their supply chains.

How specifically has FDA engaged the Chinese government to facilitate more information sharing, ensure product safety and quality, and conduct other related activities?

Response: In late 2014, FDA signed two Implementing Arrangements with its Chinese counterparts, China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) and China's Food and Drug Administration (CFDA). The Implementing Arrangement with AQSIQ outlines commitments from FDA and AQSIQ regarding inspections of food facilities; the CFDA agreement spells out commitments from FDA and CFDA regarding inspections of drug facilities. Since

the signing of the two Implementing Arrangements, FDA has received visas for eight new staff whose visas had been previously delayed, and one new visa has been approved for a newly appointed staff member. Additionally, cooperation and the exchange of regulatory enforcement information have increased. The number of FDA inspections that CFDA and AQSIQ have observed has also increased. In FY15, CFDA published their guidance on unannounced and for-cause inspections that adopted concepts from the FDA's laws, regulations and guidance that they learned through the China Office's collaboration and capacity building efforts and FDA's annual bilateral meetings.

The China Office's areas of focus in FY 2015 included regulation and enforcement of food and medical product requirements, good manufacturing practices, and integrity of the data used to support product applications. Examples of specific engagement include implementing collaborative programs with Chinese regulatory counterparts, active engagement and partnerships with universities, and promoting FDA initiatives in the areas of aquaculture safety and hazards control, canned food safety and good manufacturing practices, pharmaceutical safety and good manufacturing practices, pharmaceutical data integrity, regulation of non-medical laser products, and medical device registration and listing requirements.

#### Reagan-Udall Foundation

Please provide the Committee with an update on what FDA is doing in partnership with the Reagan-Udall Foundation. Why should taxpayer dollars be spent on this?

Response: Projects. Currently, FDA is engaged in the following regulatory science partnerships with the Reagan-Udall Foundation:

- Innovation in Tuberculosis Treatment – RUF is working with the Gates Foundation and others to develop better methods for testing promising TB drug candidates in combination, to develop more effective therapy than is available today. This work could be a model for other diseases for which combination treatment is necessary, such as cancer.
- Advancement of Precision Medicine: Safer Cancer Chemotherapy – RUF is managing a public-private partnership to analyze health outcomes data from a variety of sources, to identify predictors of cardiac toxicity associated with breast cancer treatments. If this ambitious and innovative work is successful, this approach could be a model for enhancing the safety of other classes of drug.
- Modernizing Medical Product Post-market Evidence Development -- RUF is managing a public-private partnership that is developing methods for using electronic health care data to generate better evidence on the safety and efficacy of regulated products in post-market settings.
- Big Data for Patients -- RUF is working with the Patient-Centered Outcomes Research Institute to enhance data science literacy for consumer advocates, to improve

patient engagement in the increasing number of regulatory science programs that involve data science.

For more information on these projects, including project governance and funding, please contact the Reagan-Udall Foundation or consult its web site:  
<http://www.reaganudall.org/>

High Return on Investment of Tax Dollars. Foundation projects are funded primarily through private and non-profit sources of funding. A small portion of Reagan-Udall's annual budget (\$500,000 -- \$1.25 million) is provided by FDA through a transfer of funds mandated by the FDA Amendments Act of 2007 which created the Foundation. This small taxpayer investment allows FDA to leverage significant private funds, and broad-based private expertise, to tackle these and other high-priority scientific questions.

#### Safety of Biotechnology/Genetically Modified Organisms

There is much debate about the need to mandate labeling for those foods with genetically modified ingredients. FDA has made science based statements in the past that clearly indicate no difference in the safety of conventional versus genetically modified foods.

Can you provide the Committee with FDA's current stance on GMO labeling?

Response: We recognize and appreciate that many consumers are interested in knowing whether their food is produced using genetic engineering. Currently, food manufacturers may indicate through voluntary labeling whether foods have or have not been developed through genetic engineering, provided that such labeling is truthful and not misleading. FDA is supportive of voluntary labeling and, in 2001, issued draft guidance for industry to assist food manufacturers who wish to voluntarily provide such information in food labeling. FDA received more than 155,000 comments on the draft guidance. The agency considered the comments we received and is currently revising the draft guidance with the goal of publishing a final guidance document to assist food manufacturers who want to provide such labeling statements.

In addition, FDA has received several citizen petitions regarding genetic engineering, including ones regarding the labeling of foods derived from genetically engineered sources. The agency is currently considering these petitions, and the issues presented therein.

Does FDA still believe that GMO foods are as safe to consume as conventionally grown or organic foods?

Response: Based on evaluations under FDA's pre-market consultation process, we are confident that foods derived from GE plants in the U.S. marketplace today are as safe as their non-genetically engineered counterparts.

## Seafood Consumption Advisory and Sunscreen Ingredients

FDA accomplished quite a bit last year, but the Committee has concerns that the Agency may be taking on too many issues prior to finishing some of the critical issues. In addition to the vast responsibilities before the Agency, FDA started new challenging issues last year that some view as beyond their core responsibility.

When can the Committee expect decisions on sunscreen ingredients?

Response: As required by the Sunscreen Innovation Act (SIA), FDA has completed several important steps in the review process for sunscreen active ingredient applications marketed for a material time and extent in other countries and determined eligible for review prior to enactment of the SIA, meeting all of the statutory deadlines thus far under the Act. We have reviewed all eight pending sunscreen active ingredient applications, evaluated submitted data and other publicly available information, and identified the missing information we need to determine that sunscreens containing each active ingredient would be generally recognized as safe and effective (GRAS/E). We have issued proposed sunscreen orders outlining additional data needed in order to make a determination that each ingredient meets this standard. In addition, we have met with sponsors requesting meetings on the proposed sunscreen orders to further discuss the GRAS/E standard. We remain open to continued dialog with sponsors on this topic.

The SIA does not relax the scientific standards for evaluating safety and effectiveness or the requirement that the Agency have adequate data on which to base a positive GRAS/E determination. FDA has proposed data requests, unanimously supported by an Advisory Committee panel of independent scientific experts, to meet this standard. Sunscreen active ingredient sponsors must now gather additional data and submit it to FDA for evaluation in order for FDA to make a positive GRAS/E determination. Timelines for FDA review and action are triggered by industry's submission of the additional necessary data.

We look forward to receiving industry data and reviewing the data within the timeframes set forth in the streamlined process established by SIA – and to helping American consumers make informed decisions about these products.

When is FDA expected to issue final regulations on medical gases?

Response: Section 1112 of the Food and Drug Administration Safety and Innovation Act (FDASIA) requires FDA to determine whether any changes to federal drug regulations are necessary for medical gases after obtaining input from medical gas manufacturers and other interested members of the public. FDASIA requires that FDA issue a report to Congress based on its review. The agency issued the report on June 29, 2015.

If changes are determined by FDA to be necessary, Section 1112 of FDASIA requires that final regulations be issued by July 9, 2016, 48 months after enactment of FDASIA. We are aware of the deadline and will do our best to meet it.

How can you assure us that FDA is prioritizing its activities against the resources available so that the Agency seeks closure to other vitally important public health matters?

Response: FDA prioritizes resources based on public health issues, legislative mandates, and agency priorities, as presented in the *FDA Strategic Priorities 2014-2018*<sup>1</sup> document. FDA plans and reviews resource use through annual budget priority-setting, formulation, and execution processes. FDA’s responsibilities continue to escalate due to the mandates of groundbreaking legislation passed in recent years, including the Family Smoking Prevention and Tobacco Control Act of 2009, the Patient Protection and Affordable Care Act of 2010, the FDA Food Safety Modernization Act (FSMA) of 2011, the FDA Safety and Innovation Act (FDASIA) of 2012, and the Drug Quality and Security Act of 2013. Further, with so many FDA-regulated products coming from overseas, FDA is keenly focused on the complexities of regulating in a growing global marketplace.

Sentinel Initiative

Please provide a three year history on FDA’s expenditures for the Sentinel Initiative?

Response:

<b>SENTINEL FUNDING</b>	<b>CDER/CBER Total</b>
FY 2013	\$ 20,171,243
FY 2014	\$ 43,753,933
FY 2015 (estimated)	\$ 14,572,000

Who has FDA partnered with as part of the Sentinel Initiative?

Response: Sentinel’s current partners include:

Mini-Sentinel Pilot/Sentinel Collaborating Institutions

- Aetna: Aetna Informatics\*
- America’s Health Insurance Plans: Clinical Affairs Department
- Blue Cross Blue Shield of Massachusetts\*
- Brigham and Women’s Hospital: Division of Pharmacoepidemiology & Pharmacoeconomics in the Department of Medicine

<sup>1</sup> <http://www.fda.gov/aboutfda/reportsmanualsforms/reports/ucm227527.htm>

- Cincinnati Children's Hospital Medical Center: James M Anderson Center for Health Systems Excellence
- Critical Path Institute
- Duke Clinical Research Institute
- HealthCore, Inc.\*
- HMO Research Network
  - Group Health Research Institute\*
  - Harvard Pilgrim Health Care Institute\*
  - HealthPartners Institute for Education and Research\*
  - Henry Ford Health System: Public Health Sciences Department\*
  - Marshfield Clinic Research Foundation\*
  - Meyers Primary Care Institute\*
- Hospital Corporation of America\*
- Humana Comprehensive Health Insights, Inc.\*
- Kaiser Permanente Center for Effectiveness and Safety Research
  - Kaiser Permanente Colorado\*
  - Kaiser Permanente Hawaii\*
  - Kaiser Permanente Mid-Atlantic\*
  - Kaiser Permanente Northern California\*
  - Kaiser Permanente Northwest\*
- OptumInsight, Inc.\*
- Outcome Sciences, Inc., a Quintiles company
- Rutgers University: Center for Health Services Research on Pharmacotherapy, Chronic Disease Management and Outcomes at the Institute for Health, Health Care Policy and Aging Research
  - University of Alabama at Birmingham: Center for Outcomes and Effectiveness Research and Education
  - University of Illinois at Chicago Medical Center: Departments of Pharmacy Administration, Pharmacy Practice, General Internal Medicine, and Biostatistics
  - University of Iowa: Department of Epidemiology in the College of Public Health
  - University of Pennsylvania School of Medicine: Center for Clinical Epidemiology and Biostatistics and Department of Biostatistics and Epidemiology
  - Vanderbilt University Medical Center\*
  - Weill Cornell Medical College: Department of Healthcare Policy and Research
    - University of North Carolina, Eshelman School of Pharmacy
    - University of Florida, College of Pharmacy, Pharmaceutical Outcomes and Policy
    - Harvard School of Public Health
    - PCORnet Clinical Data Research Networks (CDRNs)
      - Louisiana Public Health Institute
      - Oregon Health & Science University

- University of California San Diego
- University of Kansas Medical Center
- Children's Hospital of Philadelphia
- University of Pittsburgh Medical Center
- Vanderbilt
- Boston Children's Hospital
- Chicago Community Trust
- Weill Medical College

\*Indicate Collaborating Institutions that are also Data Partners

Federal Partners Collaboration

- Centers for Medicare & Medicaid Services (CMS)
- Department of Defense (DoD)
- Department of Veterans Affairs (VA)

Other Partners

- Booz Allen Hamilton
- The Brookings Institution
- eHealth Initiative Foundation
- Group Health Cooperative
- Harvard Pilgrim Health Care Inc.
- High Performance Technologies Inc.
- IMS Government Solutions, Inc.
- Insight Policy Research, Inc.
- McKinsey & Company
- Outcome Sciences Inc.
- Pragmatic Data LLC
- Qual-RX, Inc.
- Reagan-Udall Foundation

What does FDA plan to spend on the Sentinel Initiative in FY 2016?

Response:

<b>SENTINEL FUNDING</b>	<b>CDER/CBER Total</b>
FY 2016 (estimated)	\$ 21,000,000

Sodium Intake

In last year's questions for the record, FDA was asked to comment on recent studies that show that reduced levels of sodium can cause serious health problems. FDA's response was that the Centers for Disease Control and the Institute of Medicine (IOM) were going to look at that issue and those studies. The IOM is currently conducting such a review and is expected to issue its report in the near future. However, even though there is significant scientific controversy in this area, and even though the IOM has yet to issue its report, the FDA has chosen to spend valuable

food safety resources urging people to beware of foods, specifically processed foods, because of sodium content. I am referring specifically to the FDA Food Safety web home page this month, where button number 3 on that page displayed the caution to the public. Wouldn't the prudent approach for the FDA be to wait for the IOM findings before engaging in its own promotional effort?

Response: We are not aware of any current IOM study on sodium at this time. However, the 2013 IOM report entitled "Sodium Intake in Populations, an Assessment of the Evidence" reaffirmed that sodium intake levels are too high and should be reduced to 2,300mg/day. This recommendation is also supported by the Scientific Report of the 2015 Dietary Guidelines Advisory Committee, which thoroughly considered the 2013 IOM Sodium Report and other evidence in their review. A large body of evidence indicates as sodium intake increases so does blood pressure (Aburto et al., 2013; Sacks et al., 2001; He et al., 2013; Mozaffarian et al., 2014). High blood pressure is a leading risk factor for heart disease and stroke (Stamler et al., 1993; Kannel et al., 1996; van den Hoogen et al., 2000; O'Donnell et al., 1997, Prospective Studies Collaboration, 2002). It is estimated that about 41-45% of deaths due to heart disease and stroke are attributed to high blood pressure (Yang et al. 2012 ; .Danai et al, 2009). Heart disease is the no. 1 killer of men and women in the United States and stroke is no. 5 (CDC, 2015). One in three adults in the United States have high blood pressure with only half having it under control (Nwanko et al., 2013; Egan et al., 2010). Reducing average sodium intake in the US population can reduce blood pressure and is projected to save tens of thousands of deaths and billions of health care dollars each year (Coxson et al., 2013; Bibbins and Domingo, 2010), including among people whose blood pressure is above 120/80, but below 140/90 and for whom medications are not currently recommended and for whom therefore there are limited other means to reduce heart attacks and strokes (Huang et al., 2014a; Huang et al., 2014b). Average dietary sodium intake in the U.S. population aged two years and older is about 3,500 mg/day before salt is added at the table, compared to a recommended intake of less than 2,300 mg/day (2015 DGAC Report). Because about 75% of sodium in the diet of the U.S. population is estimated to be added during manufacturing of foods and preparation of restaurant foods, it is challenging for consumers to reduce their sodium intake (Anderson et al., 2010; Mattes and Donnelly, 1991).

We do not believe that there is significant scientific controversy in this area. There are some recent observational studies (Stolarz-Skrzypek et al., 2011; O'Donnell et al., 2011; O'Donnell et al., 2014; Graudal et al., 2014), which are inconsistent with a large body of evidence which consistently shows a dose-response relationship between sodium intake and blood pressure (Aburto et al., 2013; Sacks et al., 2001; He et al., 2013, Mozaffarian et al., 2014; Eckel et al., 2014). Results of these recent observational studies suggest low and high sodium intakes are associated with CVD events or deaths and are inconsistent with other observational studies showing lower sodium intake is associated with lower risk of CVD (Aburto et al., 2013; Cook et al., 2014; Poggio et al., 2015). Expert review by FDA and CDC scientific experts indicate that the few inconsistent studies do not shift the weight of evidence. Like

other similar studies reviewed by the Institute of Medicine (2013) and an American Heart Association Scientific Advisory Committee in 2014 (Cobb et al., 2014), these studies have major limitations in the selection of participants and/or measurement of sodium intake. For example, a problem with some of these studies is the possibility for reverse causation. Reverse causation could occur if participants who have a major risk factor for CVD, such as chronic kidney disease, have lowered their sodium intake because of medical advice or because their illness reduces the amount of food consumed. Another major weakness is use of a measure of short-term sodium intake, like a single 24-hour urine collection or a spot urine specimen that does not accurately reflect an individual's long term exposure. In addition, a spot urine can over or underestimate individual daily sodium intake by as much as 3000 mg or more (Mente et al., 2013 and Cogswell et al, 2015). This means people with high sodium intake are misclassified as having low estimated sodium intake and vice versa. This could result in people with low estimated sodium intake falsely appearing to have an increased risk of CVD.

FDA's sodium reduction initiative's goal is to encourage industry to gradually lower sodium in the foods that are available to consumers so that they will have more options available to them. Our approach supports long-term efforts to get closer to an intake of 2,300 mg of sodium per day, as recommended by the IOM.

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The Dietary Guidelines Advisory Committee (DGAC) recommended that the FDA should set mandatory national standards for the sodium content in foods by modifying the generally recognized as safe (GRAS) status of salt added to processed foods in order reduce the salt content of the food supply. Given the committees stated research needs, and the recent science that concludes adverse health outcomes at low sodium intake level, will the department suspend any action in this regard until further research is conducted and a comprehensive review of all related science is conducted?

Response: Americans are consuming excess sodium and this excess contributes to increased risk of hypertension, a primary contributor to stroke and heart disease. The FDA sodium reduction initiative's goal is to encourage industry to reduce sodium in products so consumers have more options to eat healthier. Our goals are not designed to bring consumers into an excessively low sodium intake range. At this time FDA is focusing on voluntary sodium reduction efforts and encouraging industry reformulation. We are not currently pursuing any mandatory sodium reduction standard. We are in support of conducting well-designed research to add to the knowledge base on sodium intake in different population groups.

The Scientific Report of the 2015 Dietary Guidelines Advisory Committee referenced the 2010 IOM report on Strategies to Reduce Sodium Intake in the United States in

their report. It was this 2010 IOM report which recommended the FDA should set mandatory national standards for the sodium content in foods by modifying the generally recognized as safe (GRAS) status of salt added to processed foods to reduce the salt content of the food supply.

It is our understanding that the FDA is hiring new employees to handle sodium GRAS status. Can you provide an explanation as to why the FDA is hiring new employees?

Response: FDA is focusing on gradual, voluntary sodium reduction efforts and encouraging industry reformulation. We are not currently pursuing any mandatory sodium reduction standard. We have hired one employee this year and have another offer out to a food technologist; these employees are needed to meet with industry and other interested groups, collaborate with other agencies and governments who are also working on sodium reduction, and establish a long-term monitoring plan to assess changes in sodium in the food supply.

The recent Dietary Guidelines Advisory Committee (DGAC) examined and assured the safety of coffee/caffeine and removed cholesterol from the list of nutrients of concern. What studies did you consider, and how many studies? This is surprising to me when it is compared to the sodium recommendation in which a 2009 IOM study was used to recommend GRAS process as way to reduce sodium intake instead of considering the recent 2013 IOM and the recent since published in the New England Journal of Medicine. Given the growing abundance of science, will you base the *2015 Dietary Guidelines for Americans* and the forthcoming sodium reductions upon the growing abundance of science – including the government funded 2013 Institute of Medicine (IOM) report?

Response: FDA's sodium reduction strategy is based on the totality of the science and we are pursuing a sodium reduction strategy that is aligned with the 2013 IOM report entitled "Sodium Intake in Populations, an Assessment of the Evidence" which reaffirmed that sodium intake levels are too high and should be reduced to 2,300mg/day. Our sodium reduction goals are not designed to bring consumers into an excessively low sodium intake range.

HHS and USDA are responsible for formulating the 2015 Dietary Guidelines for Americans, taking into account the recommendations of the Dietary Guidelines Advisory Committee. As part of the policy development process for completing the 2015 Dietary Guidelines, HHS and USDA subject matter experts reviewed three sources of information:

- Advisory Committee: recommendations from the Advisory Committee contained in its *Scientific Report of the 2015 Dietary Guidelines Advisory Committee* (Advisory Report);
- Public comment: more than 29,000 public comments that were received on the Advisory Committee's recommendations; and

- Federal agency comments: all agencies within HHS and USDA that work on nutrition policy contribute to the final development of the guidelines.

The Departments will continue to use these resources as they prepare the Dietary Guidelines. Since the Guidelines are still being drafted by HHS and USDA, we are unable to comment on the final content of the Guidelines at this time.

Over the past 2 years, four studies including reports from both the New England Journal of Medicine and the Institute of Medicine (IOM) have found that diets too low in sodium (1500mg) result in negative health outcomes. Given all the new research in the realm of sodium reduction, will the agency reassess its plan to release voluntary sodium category reductions?

Response: Our sodium reduction initiative's goal is to encourage industry to reduce sodium in products so consumers have more options to eat healthier. Our goals are not designed to bring consumers into a sodium intake range that may increase their health risks such as below the IOM Adequate Intake level for adults of 1500 mg/day. At this time FDA is focusing on gradual, voluntary sodium reduction efforts and encouraging industry reformulation. At the same time we are working with other federal partners, such as CDC and USDA to closely monitor sodium and related nutrient (e.g., potassium) intake, blood pressure, and cardiovascular disease events. We are pursuing a sodium reduction strategy that is aligned with the 2013 IOM report entitled "Sodium Intake in Populations, an Assessment of the Evidence" which reaffirmed that sodium intake levels are too high and should be reduced to 2,300mg/day.

#### Tobacco Harm Reduction

What actions has the FDA taken related to advancing harm reduction and the concept of a continuum of risk?

Response: FDA recognizes that there is a continuum of risk for users of tobacco products. The agency will rely on sound science to evaluate the public health impact of new FDA-regulated tobacco products. The Agency has taken multiple actions concerning harm reduction. These include issuing draft guidance on modified risk tobacco products, and soliciting comments on the continuum of risk and how it should impact regulatory policy through the proposed deeming regulation. The concept of risk also plays a role in the agency's evaluation of new products. For example, in the premarket tobacco application context, the agency's product evaluation includes an assessment of the risks and benefits to the population as a whole. This includes taking into account users and nonusers of the tobacco product, and the increased or decreased likelihood of initiation and cessation.

You have stressed the importance of innovation with respect to the products FDA regulates. Does the FDA's focus on innovation include tobacco products? How?

Response: Tobacco products are fundamentally different from other products FDA regulates because currently regulated tobacco products – cigarettes, cigarette tobacco, smokeless tobacco, roll-your-own tobacco – have no health benefits and have known harms and risks associated with their use.

Tobacco companies have recently introduced some newer forms of tobacco products which are not currently regulated. The Tobacco Control Act authorizes FDA to issue a regulation to deem additional products that meet the definition of a tobacco product to be subject to the Agency’s tobacco authorities. In April 2014, FDA published the proposed deeming rule to expand its authority over additional tobacco products not already under FDA’s authority. Once FDA finalizes the deeming rulemaking, some provisions in the FD&C Act would automatically apply to all “deemed” tobacco products. We will give careful consideration to the public health effects, including harm reduction, of any newer forms of products that will be subject to FDA regulation.

Changes in the marketplace need to be carefully considered as part of the premarket tobacco product review that will apply to many novel products. During its review of premarket tobacco product applications, FDA considers the impact of marketing on both users and non-users, including the impact on both initiation and cessation. FDA is supporting research to better understand the relative risks of these newer products, as compared to other tobacco products, at both the individual and population level. It is critically important to evaluate these products not only in terms of the relative health risks to individuals, but the increased or decreased likelihood that nonusers will start using the product, if tobacco users who would otherwise stop using tobacco products will switch to the new product, if tobacco users will continue tobacco use in combination with one or more new tobacco products, and if former users will begin using the new product.

Section 907 of the FD&C Act gives FDA the authority to establish tobacco product standards. The establishment of product standards is an important regulatory tool that may lead to innovations which will make currently marketed products less harmful.

How does the Agency’s focus on innovation relate to the concept of tobacco-related harm reduction?

Response: Tobacco products are fundamentally different from other products FDA regulates because currently regulated tobacco products – cigarettes, cigarette tobacco, smokeless tobacco, roll-your-own tobacco – have no health benefits and have known harms and risks associated with their use.

Tobacco companies have recently introduced some newer forms of tobacco products which are not currently regulated. The Tobacco Control Act authorizes FDA to issue a regulation to deem additional products that meet the definition of a tobacco product to be subject to the Agency’s tobacco authorities. In April 2014, FDA published the proposed deeming rule to expand its authority over additional tobacco products not

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Section 918 of the FD&C Act addresses nicotine replacement products that are used to treat tobacco dependence. Section 918 is a valuable tool to regulate, promote, and encourage the development of innovative products and treatments to promote reductions in consumption of tobacco and related harms.

In addition, on April 2, 2013, FDA issued a Federal Register notice concerning over-the-counter (OTC) nicotine replacement therapy (NRT) products, which are currently approved as aids to smoking cessation. FDA announced that the approved labeling of OTC NRT products, including statements related to duration of use and concomitant use with other nicotine-containing products, can be modified. FDA intends to allow the modification of these statements because evidence has accumulated to suggest that the current labeling provisions on concomitant use and duration of use may no longer be necessary to ensure the safe use of OTC NRT products for smoking cessation. Smokers' dependence on tobacco-delivered nicotine prevents many who try to quit from being successful, and these approved drug products supply controlled amounts of nicotine to ease withdrawal symptoms associated with a quit attempt.

As you know, the Family Smoking Prevention and Tobacco Control Act defines a product approval pathway for modified risk tobacco products (MRTPs). What has the FDA done to encourage the development of MRTPs by tobacco product manufacturers?

Response: The MRTP provision is not a pathway to market for new tobacco products. Under Section 911, of the FD&C Act, FDA has authority to issue an order authorizing a product as modified risk. FDA evaluates an MRTP application by taking into account the relative health risks to individuals of the product, the likelihood that existing users of tobacco products who would otherwise stop using will switch to the product, the likelihood that persons who do not use tobacco products will start using

the product, the risks and benefits from the use of the product as compared to the use of drug or device products for smoking cessation approved to treat nicotine dependence, and comments and information submitted by interested persons. If the modified risk tobacco product is a new tobacco product within the meaning of section 910(a)(1), of the FD&C Act, any applicable premarket review requirements under section 910 must also be satisfied.

In March 2012, FDA published a draft guidance concerning the marketing of modified risk tobacco products. The draft guidance, which will represent FDA's current thinking when finalized, discusses the organization, submission, and filing of an MRTP application, the scientific studies and analyses that should be submitted and the type of information that should be collected through post-market surveillance and studies if an FDA order authorizes the marketing of the product. Since publication of the draft guidance, FDA has met with manufacturers and provided feedback on proposed studies.

In August 2014, FDA accepted and filed ten MRTP applications. These applications are currently undergoing scientific review. FDA is required to make MRTP applications available to the public (except trade secrets or otherwise confidential, commercial information) and to request public comment on the applications. The MRTP applications were made available for public comment on August 27, 2014 and additional post-filing amendments to the applications were made available for public comment on July 31, 2015.

FDA held a meeting of its Tobacco Product Scientific Advisory Committee on April 9-10, 2015 to discuss scientific issues related to these applications and provide recommendations to FDA. FDA continues to review these applications.

#### Tobacco Predicate Date

The Committee was pleased with FDA's response to the Chairman's questions on July 6. However, the study showing the different reports that FDA has received for the first rule of the Tobacco Control Act, requires further questioning:

Can you further explain the definition of a streamlined regular SE report? How is it different from a provisional SE, or a regular SE?

Response: SE Reports submitted to the Agency are divided into two types: "provisional reports" and "regular reports."

SE reports received before March 23, 2011, for new products introduced into interstate commerce for commercial distribution in the United States after February 15, 2007, and prior to March 22, 2011, are considered "provisional," and the products covered by those reports can remain on the market unless FDA finds that they are "not substantially equivalent."

SE reports for other products are considered “regular” SE reports. Products covered by “regular” reports cannot be introduced into interstate commerce in the United States unless FDA finds that they are “substantially equivalent.”

In March 2015, the Agency issued guidance to industry that, among other things, explained that a manufacturer may submit streamlined SE reports for certain modifications to labels and changes to product quantity. These types of SE reports are referred to as “streamlined SE reports.” The March 2015 Guidance discussed two streamlined alternative SE Reports, one for label changes that render the product distinct from its predicate and one for product quantity changes, referred to as the “Same Characteristics SE Report” and the “Product Quantity Change SE Report” respectively. In these instances, manufacturers could provide an SE Report that contained a brief, specific set of information. The information included would still be sufficient for FDA to make its SE determination, but these reports should be easier for industry to prepare and for FDA to review than full SE Reports. FDA is also adopting processes and procedures to better enable the agency to review these streamlined reports expeditiously, including placing them in separate queues from full SE Reports.

In May 2015, FDA announced that it was considering comments on this guidance and would either issue a revised guidance or announce its intention not to issue a revised guidance. The agency issued an interim enforcement policy to be in effect while it reviewed the submitted comments. The policy will continue for 30 days after FDA either issued a revised guidance or announced its intention not to do so.

Based on the comments received on the final SE FAQ guidance, FDA issued a second edition of this guidance on September 8, 2015<sup>2</sup>. This second edition varies from the first edition in that it contains additional information, including 10 new frequently asked questions, regarding the submission and review of Same Characteristics and Product Quantity Change SE Reports, as well as further clarification and explanation of whether and when a change to a product’s label or product quantity in the package renders a new tobacco product. A sample of the Same Characteristics SE Report has been included as an appendix in the second edition of the SE FAQ guidance. The interim policy announced in May will remain in effect for 30 days from the date of issuance of the second edition.

What is the difference between a jurisdiction review, acceptance review, and the line “number for which review has started”? Are the jurisdiction and acceptance part of the introductory phase, and the “number for which review has started” the actual analysis phase?

Response: The review for an SE report has evolved based on review experience and has been refined into a process with defined phases in order to ensure consistency,

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<sup>2</sup>Section 905(j) Reports: Demonstrating Substantial Equivalence for Tobacco Products, Responses to Frequently Asked Questions (SE FAQ Guidance), available on FDA’s website.

transparency, and predictability. There are three general phases within the SE review process that FDA follows and has communicated via webinars, industry meetings, telephone calls, and correspondence.

Phase 1: Administrative phase in which FDA makes a decision to either accept or refuse to accept the application based on requirements in the statute.

Phase 2: Notification phase where the scientific review team is assembled and any outstanding predicate eligibility questions are answered.

Phase 3: Substantive scientific review phase and issuance of a decision.

The jurisdiction review and administrative completeness reviews have been combined into a single acceptance review which is the Administrative Phase of the SE review process. The “Number for which review has started” indicates the step in the SE review process in which the scientific review team (which can include engineers, chemists, microbiologists, toxicologists, clinical specialists, and social scientists) is assembled. At this point (Phase 3), any outstanding predicate eligibility questions are answered, and actual review begins. As of June 2015, 96 percent of full<sup>3</sup> regular SE reports had started scientific review, 65 percent of full regular SE reports have been resolved by a final decision<sup>4</sup> and FDA has issued a Scientific Advice and Information Request Letter or a Preliminary Finding Letter<sup>5</sup> for 82 percent of the full regular SE reports that are pending. In addition, 11 percent of provisional SE reports have been resolved by a final decision.

How many cycles are there? Could you provide this information in a line graph and a histogram showing how far each application is advanced in its respective cycle?

Response: The number of review cycles is dependent upon the quality of the submissions received. In some cases, what has been submitted lacks both information required by the law and requested by FDA. If a complete submission is provided to FDA, a decision can be made after a single cycle. But, depending on the deficiencies in the application, FDA may have to go back-and-forth with the manufacturer as many as five times before the manufacturer provides complete information so that FDA can make a decision. While FDA does track information on the cycle for each application under review, the database FDA uses to support the tracking, management, and review of SE submissions is not set up to track our SE review cycles overall as a whole. Therefore, FDA does not have the ability to use IT systems to gather this information in any automatic way over thousands of applications and provide this information in a

<sup>3</sup> In March 2015, FDA issued guidance providing information on “streamlined” SE reports that applicants may utilize under certain conditions. Review of these streamlined reports is ongoing and is not counted here.

<sup>4</sup> Final decisions include refuse-to-accept, withdrawn, substantially equivalent (SE), not substantially equivalent (NSE)

<sup>5</sup> Scientific Advice and Information Letter or Preliminary Finding Letter means a written communication which lists deficiencies in a SE Report that preclude either further scientific review or issuance of an SE Order.

graph. Because of the back and forth with industry and the dramatically different quality of the submissions received, one submission in the third cycle of review could be in the same situation concerning how far it is from a final action as another report in the first cycle of review.

To improve the completeness of reports and reduce the number of cycles, FDA is providing feedback to industry by issuing guidance, holding meetings, hosting webinars, and sending letters and other communications to clarify expectations and to give manufacturers an opportunity to make the showings that the law requires them to make. FDA has noted that, as manufacturers are gaining experience, applications for full regular reports are improving in completeness, which will reduce the number of cycles needed. This has enabled FDA to set performance standards for these types of SE Reports, and has allowed decisions to be made more expeditiously.

In March 2015, FDA finalized the September 2011 draft guidance entitled “Demonstrating the Substantial Equivalence of a New Tobacco Product: Responses to Frequently Asked Questions”<sup>6</sup>. This guidance discusses two new types of streamlined SE Reports (Same Characteristic<sup>7</sup> and Product Quantity Change<sup>8</sup>), which, because they require less information, should be easier for industry to prepare and for FDA to review resulting in fewer review cycles.

In May 2015, FDA announced that it was considering comments on this guidance and would either issue a revised guidance or announce its intention not to issue a revised guidance. The agency issued an interim enforcement policy to be in effect while it reviewed the submitted comments.

Based on the comments received on the final SE FAQ guidance, FDA issued a second edition of this guidance on September 8, 2015<sup>9</sup>. This edition varies from the first edition in that it contains additional information, including 10 new frequently asked questions, regarding the submission and review of Same Characteristics and Product Quantity Change SE Reports, as well as further clarification and explanation of whether and when a change to a product’s label or product quantity in the package renders a new tobacco product. A sample of the Same Characteristics SE Report has been included as an appendix in the second edition of the SE FAQ guidance. The interim policy announced in May will remain in effect for 30 days from the date of issuance of the second edition.

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<sup>6</sup>In March 2015, FDA issued a final guidance for industry titled *Demonstrating the Substantial Equivalence of a New Tobacco Product: Responses to Frequently Asked Questions*. The final guidance provides information on how manufacturers may submit streamlined Substantial Equivalence (SE) reports for certain modifications to labels that create a distinct product with identical characteristics to the predicate product and for changes to product quantity. In response to the guidance, FDA received a number of comments. While FDA reviewed the submitted comments, the agency issued an interim enforcement policy. The interim policy will remain in effect for 30 days from the date of issuance of the second edition.

<sup>7</sup> Where the characteristics between the new and predicate tobacco products are identical

<sup>8</sup> Where the product quantity has changed, but all other product characteristics, including per weight composition, design, heating source, and any other features are otherwise identical to the predicate tobacco product

<sup>9</sup> Section 905(j) Reports: Demonstrating Substantial Equivalence for Tobacco Products, Responses to Frequently Asked Questions (SE FAQ Guidance), available on FDA’s website.

Why is there such a huge discrepancy between acceptance reviews within Provisional SE reports, and the “number for which review has started” (95% to 16% = difference of 79%) Does this mean that 79% of provisional SEs have not started a review process?

Response: As of June 2015, 95 percent of the provisional SE reports have completed the Administrative Phase of the SE review process in which FDA makes a decision to either accept or refuse to accept the report based on requirements in the statute. All Provisional products have completed an initial scientific review for their likely Public Health Impact (PHI) as described below. The “Number for which review has started” is the Notification Phase of the SE review process where the scientific review team is assembled and any outstanding predicate eligibility questions are answered. 16 percent of provisional SE reports are in this phase of the SE review process. The remaining 79 percent of provisional SE reports have completed initial scientific review for their likely PHI and are between this phase and the Notification Phase in the SE review process.

Because the regular SE Reports were for products that were not on the market, FDA first prioritized the review of these reports. But, FDA has begun active scientific review of provisional reports.

For provisional SE reports, FDA determined that it was not practical or appropriate to use the first-in-first-reviewed approach as a large number of reports were received on the same date, will take considerable time to review, and because these products are currently on the market and they may remain on the market unless found “not substantially equivalent.” Therefore, FDA determined that provisional SE reports would be reviewed based on a Public Health Impact (PHI) Review that examines their potential to raise different questions of public health. Because the products are already on the market and will remain on the market unless FDA determines that those products are not substantially equivalent, FDA determined that those with the highest potential to raise different questions of public health would be placed in the highest tier and reviewed first. This approach requires that typically the products that underwent more complex modifications be reviewed before those that underwent less significant modifications.

#### Transparency

Please provide the Committee with an update on the current status of the FDA Transparency initiative that was begun in fiscal year 2010?

Response: FDA launched its Transparency Initiative to make more useful, user-friendly information about Agency activities and decision-making publicly available.

Some notable actions FDA has taken in recent years to implement the Transparency Initiative include:

- The Transparency Initiative spawned FDA's issuance of two reports on public access to compliance and enforcement data, one in [October 2011](#), proposing initiatives to increase access to the Agency's compliance and enforcement data, and the other in [January 2012](#), committing the Agency to explore those initiatives. Thereafter, FDA established eight working groups with representatives from all of FDA's centers and several of its offices to explore eight initiatives for making FDA's publicly available compliance and enforcement data more accessible and user-friendly. Each group was asked to draft a report on the initiative assigned to it that included its findings and recommendations for moving forward. All of these efforts culminated in FDA's release on April 22, 2014, of a [report](#) recommending ways to enhance the transparency and public accessibility of the Agency's compliance and enforcement data.
- In September 2014 FDA launched a [Data Dashboard](#)—a tool to share inspectional and compliance related data in easily understood graphical formats while also allowing users access to the underlying data—which implemented, in whole or in part, several of the recommendations made in the April 22, 2014, report on increasing public access to the Agency's compliance and enforcement data.
- The Transparency Initiative created a cross-agency working group to identify best practices for improving the transparency and efficiency of FDA's guidance development process. This process culminated in the issuance of a [report](#) recommending several strategies to expedite the planning, finalization, issuance, implementation, and, where relevant, withdrawal of agency guidance, as well as webinars and other electronic means to increase public awareness of recently issued and withdrawn guidance.
- On June 4, 2013, FDA published a *Federal Register* notice on [Availability of Masked and De-identified Non-Summary Safety and Efficacy Data; Request for Comments](#), which requested public comment on contemplated disclosure of patient-level data pooled from clinical trials of multiple products. The data would be adapted so as not to contain patient-identifying information or be linkable to specific products or applications.

As part of the Transparency Initiative, FDA launched a web-based resource called [FDA Basics for Industry](#), which makes basic information about the regulatory process more accessible to industry in a user-friendly format. This resource has provided information on numerous matters, including:

- Each Center's process for industry to submit general regulatory questions and for directing inquiries to individuals with additional expertise.
- All Center guidance and standard operating procedures on FDA employees' meetings with sponsors about product applications on the web-based resource and posted this information on FDA Basics for Industry.
- The types of notifications FDA provides industry associated with the product application review process; the Agency's practice of furnishing sponsors contact information for individuals who should be contacted with questions about product applications; and the processes used to strive for consistency of product application review.

- Ways in which interested individuals can provide input to the Agency about guidance development.
- Annually updated contact information for each import program manager.

Examples of information now in the public domain as a result of the Transparency Initiative include:

- A searchable database for major product recalls, supporting industry efforts to enable consumers to identify products subject to recall.
- Expanded online posting of untitled letters and, for companies who corrected violations cited in warning letters, official “close-out” notices.
- Office of Regulatory Affairs Annual Field Workplans (dating back to FY01).
- Filer evaluation outcomes for importers or third parties working on behalf of importers.
- Basic information about inspected entities, inspection dates, FDA-regulated products involved, and final inspection classifications.
- The most common objectionable conditions or practices observed during FDA inspections.

#### User Fees

For each of the new user fees that FDA proposes for fiscal year 2016, provide the following: Proposed legislative language; the way in which proposed fee amounts were derived; the customer(s) who would pay; estimated number of fee paying applicants; estimated fiscal year 2014 spending on current FDA-related activity; programs/activities that the fee will support, including FTE, by center/field; number of meetings held with affected industry prior to the fee being proposed; and, estimated collections.

Response:

#### **Food Facility Registration and Inspection User Fee**

**Proposed legislative language:** FDA does not have proposed authorizing language for this user fee at this time.

**Proposed fee amounts were derived:** The user fee request represents the level of resources required to administer these additional authorities for food safety. A fee structure would be developed through negotiations with industry.

**Customer(s) who would pay:** The owner, operator, or agent in charge of the facility who is identified in the registration of a registered facility would be responsible for paying the fee on an annual basis, unless they reached the cap and at that point they would not have to pay for any additional facilities. Because farms are, by definition, not facilities that are required to register under the FD&C Act, most farms would not be required to pay this fee unless they also operated another covered facility.

**Estimated number of fee paying applicants:** The estimate that was used assumed 244,000 facilities (114,000 domestic and 130,000 foreign).

**Estimated fiscal year 2014 spending on current FDA-related activity:** Given the crosscutting nature of these activities, it is difficult to estimate the FY 2014 spending.

**Programs or activities that the fee will support, including FTE, by center and field:** The planned allocation of the proposed registration user fee revenues in FY 2016 would be \$23.3 million and 28 FTE for the Center for Food Safety and Applied Nutrition (CFSAN) and \$27.4 million and 20 FTE for CFSAN related field activities and \$1.6 million and 6 FTE for the Center for Veterinary Medicine (CVM), and \$1 million and 2 FTE for CVM related field activities. The fee would also provide \$4.6 million and 13 FTE for program support activities and \$2.3 million for rent activities.

These resources would be devoted to food safety activities, such as the design, development, and implementation of new food and feed FSMA regulations and guidances. It would also support the development and implementation of preventive controls training for FDA inspectors and other personnel, as well as our regulatory partners at the state, local, and tribal levels. In addition, the funds would be used to improve inspection and compliance planning efforts; increase state funding through grants; and increase coordination of laboratory and response capabilities associated with food borne illness outbreaks. FDA would also expand national standards for laboratories; establish verification program efforts; enhance efforts supporting laboratory accreditation programs; implement inspector certification programs; and improved risk based modeling.

**Number of meetings held with affected industry prior to the fee being proposed:** Since a registration fee was included in the President's FY 2013 Budget Request, FDA began engaging with the food and feed industries to determine the level of support for this fee to help with funding implementation of FSMA, a statute fully supported by the food industry. From July 2012 to April 2013, FDA participated in 25 meetings with a broad cross section of the food and feed industry regarding their thoughts and ideas for implementing the FSMA food safety program in a way that meets their commercial needs while remaining primarily focused on the core principle of food safety for FDA and the American consumer. Finally, we discussed alternative ways to resource these new programs and services. The more frequent discussions focused on the import fee but there were also discussions regarding the proposed registration fee.

**Estimated collections:** \$60.1 million in FY 2016 if legislation is passed.

#### **Food Import User Fee**

**Proposed legislative language:** FDA does not have proposed authorizing language for this user fee at this time.

**Proposed fee amounts were derived:** The fee would be derived from a modest fee with a large volume of fee-paying lines that would generate the needed revenue of \$103 million to accomplish both the improvements identified by the industry as well as the FDA needs for incremental resources to fully implement the many and varied requirements for improving the food import program under FSMA. Based on discussions with the industry FDA is also proposing a cap on the total fees to be paid by the largest volume the importers of record, as well as exemptions from fees for the very small by volume importers as well as those importing for research and personal use.

**Customer(s) who would pay:** The fee would be the responsibility of the “Importer of Record” for the import line being imported.

**Estimated number of fee paying applicants:** FDA estimates that approximately 5,000 importers of record would meet the requirements mentioned above, for paying fees.

**Estimated fiscal year 2014 spending on current FDA-related activity:** Given the crosscutting nature of these activities, it is difficult to estimate the FY 2014 spending.

**Programs or activities that the fee will support, including FTE, by center and field**

The planned allocation of the proposed import user fee revenues in FY 2016 would be \$9.8 million and 6 FTE for the Center for Food Safety and Applied Nutrition (CFSAN) and \$84.5 million and 46 FTE for CFSAN related field activities and \$1.5 million and 6 FTE for the Center for Veterinary Medicine (CVM). The fee would also provide \$5.6 million and 13 FTE for program support activities and \$1.9 million for rent activities.

These resources would be devoted to improving the import program at FDA, including activities such as establishment of a help desk to assist importers; expanded outreach and education efforts for importers; improvement of the overall quality management of the FDA import program; expansion of staffing at critical ports of entry and hours of operations in order to facilitate the entry of safe foods into the U.S.; and increased use of handheld and screening methodologies.

**Number of meetings held with affected industry prior to the fee being proposed:** The import fee proposal is a result of earlier industry discussions on a registration fee. Since a registration fee was included in the President’s FY 2013 Budget Request, FDA began engaging with the food and feed industries to determine the level of support for a facility registration fee to help with funding implementation of FSMA, a statute fully supported by the food industry. During these early discussions, the industry suggested that we consider an import fee. From July 2012 to April 2013, FDA participated in 25 meetings with a broad cross section of the food and feed industry regarding their thoughts and ideas for implementing the FSMA food safety program in a way that meets their commercial needs while remaining primarily focused on the core principle

of food safety for FDA and the American consumer. Finally, we discussed alternative ways to resource these new programs and services. The more frequent discussions focused on the import fee but there were also discussions regarding the proposed registration fee.

**Estimated collections:** \$103.3 million in FY 2016 if legislation is passed.

### **Cosmetic User Fee**

**Proposed legislative language:** FDA does not have proposed authorizing language for this user fee at this time.

**Way in which proposed fee amounts were derived:** The user fee request represents the level of resources required for the FDA Cosmetics Safety Program to establish and maintain a mandatory Cosmetic Registration Program (MCRP) that will require all domestic and foreign cosmetic labelers marketing products in the U.S. to register their establishments and products with FDA. A fee structure would be developed through negotiations with industry.

**Customer(s) who would pay:** The customers are the cosmetic product industry.

**Estimated number of fee paying applicants:** The estimated number of fee paying applicants is unknown. As of 2014, more than 1,800 cosmetic establishments had registered voluntarily with FDA, covering over 48,000 finished products. However, these numbers represent only a fraction of the number of cosmetic establishments and products on the market. FDA has seen a dramatic increase in the number and type of cosmetic products sold annually.

**Estimated fiscal year 2014 spending on current FDA-related activity:** The estimated fiscal year 2014 spending on current FDA-related activity is approximately \$14.4 million and 60 FTE.

**Programs/activities that the fee will support, including FTE, by center/field:** FDA would conduct CFSAN and ORA activities with the new user fee resources. The fees provide \$12.8 million and 42 FTE for CFSAN to establish and maintain a Mandatory Cosmetic Registration Program; acquire, analyze, and apply scientific data and information to set U.S. cosmetic standards; maintain a strong U.S. presence in international standard-setting efforts; and provide education, outreach, and training to industry and consumers. The fees provide \$4.6 million and 18 FTE for ORA to refine inspection and sampling of imported products and apply risk-based approaches to post-market monitoring of domestic and imported products, inspection, and other enforcement activities. The fee also includes \$1 million and 3 FTE for program support activities and \$1.5 million for rent activities.

**Number of meetings held with affected industry prior to the fee being proposed:** FDA has engaged in discussions with regulated industry, starting in summer of 2011.

**Estimated collections:** \$19.9 million in FY 2016 if legislation is passed.

**Food Contact Substance Notification (FCN) Fee**

**Proposed legislative language:** FDA does not have proposed authorizing language for this user fee at this time.

**Way in which proposed fee amounts were derived:** Manufacturers/suppliers wishing to market new packaging intended to contact food not already authorized by FDA regulations or prior sanction utilize the Food Contact Substance Notification (FCN) program, in which the safety and NEPA considerations of the new packaging is reviewed. The user fee request is based on average yearly FCN filings and the level of resources required to administer the FCN process in addition to base budget authority resources. A fee structure would be developed through negotiations with industry, to potentially include fees for reviews of each FCN and an annual maintenance fee for listing each authorization in FDA's Inventory of Effective Food Contact Substance Notifications, which appears on FDA's website. This fee structure has a built-in mechanism for revenue growth as more FCNs become effective.

**Customer(s) who would pay:** The customers are the food contact product industry (including those food manufacturers, distributors, and marketers) who make FCN filings.

**Estimated number of fee paying applicants:** As of September 2014, there were nearly 1,400 effective FCNs. That number is expected to grow each year as more food contact substances are added to the agency's inventory. Each year, there is an average of 94 new FCN filings, with 73 becoming effective.

**Estimated fiscal year 2014 spending on current FDA-related activity:** The estimated fiscal year 2014 spending on current FDA-related activity is approximately \$6.7 million and 16 FTE.

**Programs/activities that the fee will support, including FTE, by center/field:** The programs/activities that the fee would support are \$4.6 million and 7 FTE for CFSAN to support the statutory 120-day review period for food contact notifications; update standards and provide guidance for industry; conduct education, outreach, and training; and participate in international harmonization and standard setting for food contact substances. The fee also includes \$0.3 million and 1 FTE for program support and \$0.2 million for rent activities.

**Number of meetings held with affected industry prior to the fee being proposed:** FDA has not recently met with industry to discuss this fee.

**Estimated collections:** \$5.1 million in FY 2016 if legislation is passed.

### International Courier Fee

**Proposed legislative language:** FDA does not have proposed authorizing language for this user fee at this time.

**Way in which proposed fee amounts were derived:** The fees will be assessed and resources will be allocated based on historical entry volumes by courier.

**Customer(s) who would pay:** The customers are several large couriers offering international service with next-day delivery, who have requested that FDA increase staffing to help meet their business needs.

**Estimated number of fee paying applicants:** The estimated number of fee paying applicants is primarily the five largest express courier companies: – FedEx, UPS, DHL, Purolator, and TNT. These companies handle millions of shipments of FDA-regulated commodities, predominantly medical products, entering the United States through their facilities, and the number continues to grow.

**Estimated fiscal year 2014 spending on current FDA-related activity:** The estimated fiscal year 2014 spending on current FDA-related activity is approximately \$6 million.

**Programs/activities that the fee will support, including FTE, by center/field:** The programs/activities that the fee will support are \$5.1 million and 20 field FTEs to conduct entry reviews, sample collections, and physical exams to determine product admissibility into the United States; initiate actions to prevent release of unsafe products into U.S. commerce; and establish import controls to help prevent future unsafe products from entering U.S. commerce. The fee will also support \$307,000 and 1 FTE for FDA Headquarters indirect and support costs and \$514,000 for GSA Rent and Rent Related costs.

**Number of meetings held with affected industry prior to the fee being proposed:** FDA has not recently met with industry to discuss this fee.

**Estimated collections:** \$5.9 million in FY 2016 if legislation is passed.

### Generic Drug User Fees

FDA started the Generic Drug User Fee Amendment program at the beginning of fiscal year 2013 and will begin work on GDUFA II during fiscal year 2015. What was the carryover level from fiscal year 2014 into fiscal year 2015? Provide an explanation for the size of the carryover level.

Response: FDA had GDUFA carryover in the amount of \$277,532,778 heading into FY 2015. It is not unusual for a new program to carry forward balances in the first couple years of existence. New employees -- including scientific reviewers, inspectors, and other professional support staff -- are by far the single largest component of

overall program resources. FDA fully met and then exceeded its GDUFA hiring goal early in FY 2015, and is still hiring now. The cost of new hires occurs incrementally as more join the Agency and begin to consume payroll costs.

Since fiscal year 2012, FDA has seen a sharp drop in tentative and final approvals for generic drug applications. Can the Agency explain the drop?

Response: GDUFA's design, which was agreed to by FDA and the generic drug industry, and enacted by Congress, reflects the fact that FDA needed to make major structural changes, enhance our business processes, and overhaul our information technology systems in order to enable the Agency to meet the goals in the Commitment Letter. Accordingly, there are no goal dates for Year 1 and Year 2 submissions. Rather, FDA, the generic drug industry, and Congress agreed per the Commitment Letter, to "*aspire to the extent possible to maintain levels of productivity at least similar to pre-GDUFA levels, while hiring and training incremental staff necessary to achieve the program performance goals, building necessary systems and implementing outlined program changes in years 1 and 2 of the program.*"

That said, we believe that generic drug approvals have more or less held steady when looking back to the years preceding the GDUFA program (i.e., pre-GDUFA levels). The approval numbers are as follows: 426 in FY10, 458 in FY11, 517 in FY12, 440 in FY13 (Year 1 of the GDUFA program), and 409 in FY14 (Year 2 of the GDUFA program).

More recently, our output of approvals is increasing. We had 48 approvals in April, 46 in May, 58 in June, and 47 in July. Using the average number of approvals over the past 10 months, we are on pace to have 445 approvals in Year 3, which would be the highest number achieved during the GDUFA program. There will be up months and down months, but the overall trend will be a continuing increase in approvals.

In addition to maintaining pre-GDUFA levels, during Years 1 and 2, pursuant to GDUFA's design, we executed a deep, foundational restructuring of the generic drug program to enable us to hit goal dates for action on incoming submissions beginning in Year 3 of the program. Among other things, we hired and trained approximately 1,000 new staff, moved OGD from four office buildings in Rockville to FDA's main campus at White Oak, reorganized OGD and made it a CDER "Super Office" on par with the Office of New Drugs, established a new Office of Pharmaceutical Quality to consolidate chemistry; microbiology; Drug Master File and compliance review functions into one quality review for the sake of efficiency, replaced our fragmented information systems with a new Integrated Regulatory Review Platform, and substantially enhanced our business processes in OGD, CDER and across the Agency. All of these changes were needed to enable us to synchronize and coordinate our diverse review tasks to hit goal dates for Year 3 of GDUFA.

Goal dates for Year 3 ANDAs went into effect on October 1, 2014. The goal date for an ANDA that arrived on the *first* day of Year 3, October 1, 2014, is 15 months later,

on December 31, 2015. The goal date for an ANDA that arrives on the *last* day of Year 3, September 30, 2015, is December 29, 2016. Therefore, it is too soon to tell whether we will achieve all our goals for these Year 3 submissions.

Having said that, we are confident we will achieve our GDUFA metric goals for ANDAs, and that success on our metric goals will support more generic drug approvals. We built new program infrastructure that is working well. The generic drug industry trade press has taken notice. An August 7, 2015, article in the Pink Sheet highlighted the surge in approvals over the past several months and suggested that “the ANDA review operation has finally shifted into high gear.” Again, we had 48 approvals in April, 46 in May, 58 in June, and 47 in July. Our efforts are also being favorably noticed by the generic drug industry. Earlier this year, FDA received a letter from Sandoz Inc. stating that they are “beginning to see the pace quicken with respect to the generic drug review program, which we believe is a direct result of your collective efforts to establish performance efficiencies and procedures with the FDA in connection with GDUFA.”

FDA has also demonstrated decreased performance in its median approval times for generic drugs. What accounts for this drop in performance? Does FDA need to look at lessons learned from other user fee programs to change the way it does business for this program? Does FDA publish the performance results as it relates to generic drug approvals? If not, why?

Response: The median approval time for generic drug approvals is rising because we are clearing out the large “backlog” of thousands of submissions from before GDUFA started. Pursuant to GDUFA, FDA must take action on 90% of pre-GDUFA “backlog” submissions by the end of Year 5 of the program. “Backlog” is defined as *“the queue of pending [abbreviated new drug applications] ANDAs, ANDA amendments and ANDA supplements pending as of October 1, 2012.”* Many of these pre-GDUFA “backlog” submissions had been pending at FDA a long time as of October 1, 2012. Because the generic drug program was chronically underfunded, we did not have adequate resources to timely review them. Industry’s desire to get them reviewed was a primary impetus for industry to pay into a new user fee agreement. Each time we approve one of these old submissions from the pre-GDUFA “backlog”, it will reflect the long period of time it was pending at FDA before GDUFA started. Until we clear out the pre-GDUFA “backlog”, our median approval times will continue to be high.

However, we expect to see a sharp drop in median approval times for GDUFA Year 3, 4 and 5 submissions. These submissions have GDUFA goal dates. For example, pursuant to GDUFA, FDA must take action on 60% of Year 3 ANDAs within 15 months of submission.

Comparing the GDUFA program to other programs is helpful to a certain extent, and the most similar program is the PDUFA program. However, the PDUFA program is more than twenty years old, and has been reauthorized several times. With each reauthorization, FDA, industry and Congress have agreed on targeted improvements to

enhance program efficiency. Those improvements have accreted over time. The “first cycle approval rate” (i.e., the percentage of submissions approved on industry’s “first try”) was 27 percent the first year of PDUFA. Now it’s approximately 86 percent.

By contrast, GDUFA is a brand new user fee program. We have just begun to modernize the generic drug program. We often do look to PDUFA as a model. But we cannot copy PDUFA exactly, because the review of brand drugs differs from the review of generic drugs. For example, there is a saying in the generic drug space, “file first, fix later.” It means that applicants often file submissions for Hatch-Waxman patent and exclusivity timing reasons, and then rely on iterative collaboration with FDA to improve the quality of the submissions so they can be approved. FDA can only approve approvable submissions. It will take time – and work by FDA *and* industry – to improve the quality of submissions so FDA can more readily improve them. On average, it currently takes about 4 review cycles to approve an ANDA.

Further, the fee-for-performance workload of the GDUFA program dwarfs that of the PDUFA program. The PDUFA program expects approximately 110 to 120 fee paying applications per year. GDUFA was negotiated on an estimate that applicants would send us 750 ANDAs per year. We budgeted and planned accordingly. In FYs 12, 13, and 14, industry submitted 1,025, 968 and 1,473, respectively – a much larger workload than expected. The mismatch between the estimated and actual workload has been a significant challenge, in particular because this occurred while we were building infrastructure and expanding capacity to meet upcoming GDUFA goals.

FDA’s performance in the GDUFA program and generic drug approval information can be found in the GDUFA Performance Reports. The FY 2013 and FY 2014 GDUFA Performance Reports are publicly available on FDA’s website (<http://www.fda.gov/AboutFDA/ReportsManualsForms/Reports/UserFeeReports/PerformanceReports/ucm384247.htm>). The Activities Report of the Generic Drug Program contains information on review actions taken by FDA, including approval actions. This report is also publicly available on FDA’s website. The FY 2015 report can be found here:

<http://www.fda.gov/Drugs/DevelopmentApprovalProcess/HowDrugsareDevelopedandApproved/ApprovalApplications/AbbreviatedNewDrugApplicationANDAGenerics/ucm375079.htm>. Lastly, we post monthly approval data on our Drug Approval Reports webpage, found here: <http://www.accessdata.fda.gov/scripts/cder/drugsatfda/index.cfm?fuseaction=Reports.ReportsMenu>.

#### First Class and International Travel

Please provide a table with a history for all first class travel by FDA employees from fiscal years 2009 until 2015 to date. Please include the number of first class tickets purchased; the total number and percentage of waivers / exemptions for such travel; and the cost of such travel.

Response:

**First Class Travel by FDA Employees from FY 2009 to FY 2015**

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015 as of 6/30/2015
<b>Count</b>	291	265	177	814	386	843	213
<b>Premium Class</b>	\$4,202,573	\$3,118,631	\$912,088	\$3,244,513	\$3,016,315	\$3,174,040	\$3,149,427
<b>Total Travel</b>	\$50,563,343.43	\$57,421,861.71	\$59,080,155.02	\$57,541,991.58	\$47,424,978.04	\$55,991,330.78	\$45,356,160.77
<b>Percentage Premium of Total Travel</b>	8.31%	5.43%	1.54%	5.64%	6.36%	5.67%	6.94%

Please provide a copy of documented procedures necessary for FDA to grant approval for premium travel.

Response: FDA follows all Federal Travel Regulations (FTR) and HHS Travel Manual policies. FDA also has internal staff manual guides that follow FTR and HHS travel regulations. FDA Staff Manual Guide 1455.1 delegates authority for the approval of premium travel to only the Senior Travel Official. HHS Travel Manual sections 4.1.6 and 6.4, which govern the approval process for premium domestic and international travel, respectively, can be found at <http://www.hhs.gov/travel/travelpolicy/2012-policy-manual.pdf>.

Please provide a full listing of the international trips, the international destinations of each trip, and the cost of each trip for fiscal years 2014 and 2015 to date.

Response:

**First Class International Travel for FY 2014 and FY 2015**

FIRST CLASS TRAVEL	Count of International	Sum of Total Airfare
<b>FY 2014</b>	278	\$2,989,780.80
<b>FY 2015</b>	157	\$1,586,007.65
<b>Total</b>	435	\$4,575,788.45

**International Destinations and Total Airfare Costs**

FY 2014 International Travel	Count of Destination	Sum of Total Airfare
<b>ACA-Acapulco, Mexico</b>	1	\$1,663.38
<b>AES-Aalesund, Norway</b>	1	\$7,706.42
<b>AKL-Auckland, New Zealand</b>	1	\$11,145.50

FY 2014 International Travel	Count of Destination	Sum of Total Airfare
AMD-Ahmedabad, India	5	\$59,768.98
AMS-Amsterdam, Netherlands	6	\$65,147.63
ARN-Stockholm, Sweden	5	\$38,043.86
ATH-Athens, Greece	1	\$4,117.91
BCN-Barcelona, Spain	4	\$41,941.22
BHX-Birmingham, England, United Kingdom	1	\$7,505.34
BKK-Bangkok, Thailand	2	\$31,104.30
BLL-Billund, Denmark	1	\$4,212.00
BLR-Bangalore, India	7	\$74,920.60
BOD-Bordeaux, France	3	\$25,410.80
BOM-Mumbai, India	9	\$103,479.32
BRI-Bari, Italy	1	\$13,866.40
BRU-Brussels, Belgium	3	\$31,850.70
BSL-Basel, Switzerland	5	\$39,765.98
BUD-Budapest, Hungary	2	\$14,068.10
CAN-Guangzhou, China	9	\$99,625.70
CBR-Canberra, Australia	2	\$33,097.80
CCU-Kolkata, India	1	\$9,697.18
CDG-Paris, France	7	\$59,390.84
CGH-Sao Paulo, Brazil	1	\$21,741.99
CGO-Zhengzhou, China	2	\$31,182.87
CGP-Chittagong, Bangladesh	2	\$25,639.36
CHG-Chaoyang, China	1	\$13,175.95
CHQ-Chania, Greece	1	\$11,380.70
CJJ-Cheong ju, South Korea	1	\$19,191.20
CJS-Ciudad Juarez, Mexico	1	\$14,093.78
CKG-Chongqing, China	1	\$13,029.90
CMB-Colombo, Sri Lanka	4	\$44,465.90
COR-Cordoba, Argentina	1	\$4,820.13
CPH-Copenhagen, Denmark	8	\$54,146.22
CPT-Cape Town, South Africa	2	\$11,195.40
DAR-Dar Es Salaam, Tanzania	1	\$3,688.70
DEL-Delhi, India	5	\$53,246.26
DKR-Dakar, Senegal	1	\$7,382.90
DME-Moscow, Russian Federation	1	\$12,438.34
DUB-Dublin, Ireland	1	\$14,673.90
DUS-Dusseldorf, Germany	2	\$29,750.10

FY 2014 International Travel	Count of Destination	Sum of Total Airfare
<b>DXB-Dubai, United Arab Emirates</b>	1	\$29,785.03
<b>EZE-Buenos Aires, Argentina</b>	2	\$13,031.91
<b>FCO-Rome, Italy</b>	2	\$36,411.30
<b>FLR-Florence, Italy</b>	1	\$11,363.48
<b>FRA-Frankfurt, Germany</b>	4	\$66,015.54
<b>FUK-Fukuoka, Japan</b>	1	\$7,955.54
<b>GLA-Glasgow, Scotland, United Kingdom</b>	1	\$9,070.70
<b>GOI-Goa, India</b>	2	\$17,539.98
<b>GOT-Gothenburg, Sweden</b>	1	\$12,853.10
<b>GRU-Sao Paulo, Brazil</b>	2	\$19,005.28
<b>GVA-Geneva, Switzerland</b>	4	\$30,012.40
<b>GYE-Guayaquil, Ecuador</b>	3	\$9,242.11
<b>HAM-Hamburg, Germany</b>	1	\$10,432.70
<b>HAN-Hanoi, Viet Nam (Noibai Apt)</b>	1	\$5,513.30
<b>HGH-Hangchow, China</b>	4	\$37,535.90
<b>HKG-Hong Kong</b>	2	\$21,101.88
<b>HYD-Hyderabad, India</b>	6	\$55,464.70
<b>IAD-Washington, DC</b>	1	\$16,248.00
<b>ICN-Seoul, Rep. Of Korea</b>	2	\$25,364.20
<b>IDR-Indore, India</b>	1	\$7,188.34
<b>IST-Istanbul, Turkey</b>	1	\$9,174.80
<b>IXU-Aurangabad, India</b>	1	\$4,410.85
<b>JNB-Johannesburg, South Africa</b>	3	\$29,883.20
<b>KHH-Kaohsiung, Taiwan</b>	1	\$13,764.80
<b>KIX-Osaka, Japan</b>	2	\$14,858.30
<b>KMG-Kunming, China</b>	1	\$11,340.70
<b>KRK-Krakow, Poland</b>	1	\$10,969.30
<b>KUL-Kuala Lumpur, Malaysia</b>	1	\$9,905.48
<b>LEJ-Leipzig, Germany</b>	1	\$12,797.50
<b>LHR-London, England, United Kingdom</b>	6	\$61,156.90
<b>LIM-Lima, Peru</b>	1	\$8,553.42
<b>LJU-Ljubljana, Slovenia</b>	1	\$7,722.10
<b>LUG-Lugano, Switzerland</b>	1	\$8,107.20
<b>LYG-Lian Yun Gang, China</b>	1	\$7,615.20
<b>LYS-Lyon, France</b>	3	\$23,758.00
<b>MAD-Madrid, Spain</b>	1	\$10,318.60

FY 2014 International Travel	Count of Destination	Sum of Total Airfare
MAN-Manchester, England	2	\$14,008.08
MAO-Manaus, Brazil	1	\$4,733.63
MDZ-Mendoza, Argentina (Md)	1	\$10,905.02
MEL-Melbourne, Australia	2	\$34,272.00
MEX-Mexico City, Mexico	3	\$7,463.67
MLA-Luqa, Malta	1	\$9,093.60
MPL-Montpellier, France	1	\$3,353.40
MRS-Marseille, France	1	\$6,032.80
MRU-Plaisance, Mauritius	1	\$19,344.20
MUC-Munich, Germany	4	\$61,403.46
MLA-Milan, Italy	3	\$42,613.00
MYJ-Matsuyama, Japan	1	\$9,839.90
NCE-Nice, France	1	\$4,814.30
NGO-Nagoya, Japan	2	\$22,744.90
NRT-Tokyo, Japan	4	\$55,718.40
OPO-Porto, Portugal	3	\$20,362.09
ORD-Chicago, IL	2	\$9,739.70
ORK-Cork, Ireland	8	\$50,760.70
OSL-Oslo, Norway	2	\$28,932.49
OVD-Asturias, Spain	1	\$12,061.60
PDG-Padang, Indonesia	1	\$19,494.30
PDX-Portland, OR	1	\$4,650.00
PEK-Beijing, China	12	\$191,332.00
PMO-Palermo, Italy	1	\$10,901.60
PNQ-Poona, India	2	\$21,559.04
POA-Porto Alegre, Brazil	1	\$11,969.76
POS-Port Of Spain, Trinidad & Tobago	1	\$1,779.90
PRG-Prague, Czech Republic	2	\$15,307.10
PVG-Shanghai, China	2	\$22,627.60
RIX-Riga, Latvia	1	\$13,597.00
SFO-San Francisco / Oakland, CA	1	\$9,664.50
SGN-Ho Chi Minh City, Viet Nam	1	\$9,600.50
SHA-Shanghai, China	1	\$37,480.90
SIN-Singapore, Singapore	1	\$14,116.80
SJO-San Jose, Costa Rica	1	\$1,846.71
SJW-Shijiazhuang, China	1	\$15,096.80
SNN-Shannon, Ireland	2	\$28,273.80

<b>FY 2014 International Travel</b>	<b>Count of Destination</b>	<b>Sum of Total Airfare</b>
<b>SYD-Sydney, Australia</b>	1	\$15,039.80
<b>SZX-Shenzhen, China</b>	1	\$20,079.90
<b>TAK-Takamatsu, Japan</b>	1	\$17,948.00
<b>TAO-Qingdao, China</b>	1	\$28,272.20
<b>TKS-Tokushima, Japan</b>	2	\$31,427.72
<b>TLV-Tel Aviv, Israel</b>	1	\$6,806.32
<b>TPE-Taipei, Taiwan</b>	2	\$20,294.30
<b>TRN-Turin, Italy</b>	1	\$7,697.20
<b>TRS-Trieste, Italy</b>	1	\$12,616.60
<b>TSR-Timisoara, Romania</b>	1	\$10,105.00
<b>UBJ-Ube, Japan</b>	1	\$15,616.30
<b>UIO-Quito, Ecuador</b>	1	\$9,934.50
<b>VIE-Vienna, Austria</b>	1	\$21,470.60
<b>VTZ-Vishakhapatna, India</b>	1	\$14,624.47
<b>WAW-Warsaw, Poland</b>	2	\$15,670.84
<b>YNT-Yantai, China</b>	1	\$13,829.80
<b>ZRH-Zurich, Switzerland</b>	2	\$22,606.70
<b>Total</b>	278	\$2,989,780.80

What steps has FDA taken to reduce the cost of travel in fiscal years 2014 and 2015?

Response: FDA has been compliant with the Executive Order 13589 on Promoting Efficient Spending. FDA has met its target of 30% reduction in travel costs from the baseline fiscal year of 2010. In FY 2014 and 2015, we have consistently made sure that we are compliant and have increased our travel community's awareness of the Federal Travel Regulations and the HHS Travel Manual with respect to premium travel.

#### Antibiotic Resistance

What are the FDA's current efforts related to antibiotic resistance?

Response: FDA works proactively with US government partners, product developers, international partners, and the scientific community across a wide range of activities to address the complex challenges associated with addressing the growing threat of antimicrobial resistance. FDA's roles and responsibilities with respect to addressing antimicrobial resistance include: (1) promoting the appropriate and responsible use of antibiotics in the food supply and medical settings; (2) conducting surveillance for

antimicrobial resistance among foodborne bacteria and disseminating timely information on antimicrobial resistance to promote interventions that reduce resistance among foodborne bacteria; (3) advancing product development to address antimicrobial resistance including the development of new antimicrobials, diagnostic tests, and vaccines against bacterial threats that can help prevent the emergence and spread of antimicrobial drug resistance; and (4) strengthening supply chains to protect consumers from substandard and counterfeit medical products (as well as from deliberate and unintended product adulteration), which helps reduce the emergence and spread of drug-resistance.

Please provide a five year history of NARMS and how the funds were distributed outside of FDA and within FDA by Program (e.g., CFSAN, CDER, CVM, etc.).

Response:

- The five year funding history of NARMS is displayed in the table below:

	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>USDA<sup>1</sup></b>	\$1.6M	\$1.325M	\$1.275M	\$0.400M	\$0.850M
<b>CDC</b>	\$2.2M	\$2.009M	\$2.009M	\$2.009M	\$4.059M
<b>FDA / CVM<sup>2</sup></b>	\$4.0M	\$4.466M	\$4.516M	\$5.391M	\$5.891M
<b>TOTAL<sup>3</sup></b>	<b>\$7.8M</b>	<b>\$7.8M</b>	<b>\$7.8M</b>	<b>\$7.8M</b>	<b>\$10.8M</b>

<sup>1</sup>Funding to USDA went down in FY 2014 due to on farm pilot work completing the field phase. Funds were used to build whole genome sequencing capacity at FDA CVM. On farm work restarted for poultry in FY 2015 and is reflected in USDA allocation.

<sup>2</sup>FDA figure includes lab supplies FDA purchases for USDA and CDC

<sup>3</sup>Totals represent FDA NARMS allocation before funds are distributed to USDA and CDC

What research does FDA utilize to determine the major sources of antibiotic resistance? Does the Agency believe that the prescribing practices of human drugs are a greater factor in antibiotic resistance than agriculture producers' use of veterinary drugs in animals produced for human consumption? Vice versa? Please explain.

Response: In order to assess the risks to human health from the consumption of animal-derived food products, such as meat or milk, FDA-CVM requires animal drug sponsors to provide information about their product prior to approval. When the proposed use is in a food-producing animal species (for example, poultry, swine, or cattle), this information details potential risks to public health from consumption of edible food products from those animals. FDA-CVM evaluates risks associated with any proposed antimicrobial drug, including risks associated with development of antimicrobial-resistant bacteria of public health concern in the food supply. FDA-CVM uses data from the National Antimicrobial Resistance Monitoring System (NARMS) and other sources to reach an overall risk estimation for the proposed use of an antimicrobial drug in food-producing animals. This risk estimation is used to guide FDA-CVM's decision to approve or deny the use of an antimicrobial drug in food-

producing animals. FDA-CVM may also limit a drug's conditions of use based on this risk estimation to lessen the risk of antimicrobial resistance development.

Bacterial resistance to antibiotics is a natural phenomenon, and exposure of bacteria to antibiotics is a major source of selection pressure for resistant bacteria. The emergence of antibiotic resistant bacteria is to be expected when antibiotics are used, and the overuse and/or misuse of antibiotics is a driving factor in the growing number of antibiotic resistant bacterial pathogens that can potentially cause outbreaks. As such, all uses of antibiotics, including in human and animal health settings, can contribute to the emergence of antibiotic resistance. However, the emergence of antibiotic resistance is the result of a complex and dynamic interaction among multiple factors including biological, demographic, geographic, ecological, and economic factors. Whether the prescribing practices of human drugs are a greater factor in antibiotic resistance than agriculture producers' use of veterinary drugs is unclear. Detecting and controlling antibiotic-resistance requires the adoption of a "One-Health" approach to disease surveillance that recognizes that resistance can arise in humans, animals, and the environment and that includes the enhancement and integration of data from surveillance systems that monitor human pathogens with data from surveillance systems that monitor animal pathogens. For example, Objective 4.1 of the National Action Plan focuses on conducting research to enhance understanding of environmental factors that facilitate the development of antibiotic resistance and the spread of resistance genes that are common to animals and humans, and Objective 4.4 aims at developing non-traditional therapeutics, vaccines, and innovative strategies to minimize outbreaks caused by resistant bacteria in human and animal populations.

What has been FDA's success with their voluntary efforts to reduce veterinary drugs in farm animals produced for human consumption?

Response:

- In December 2013 FDA published Guidance for Industry #213, which aims to eliminate production uses of medically important antimicrobials and require veterinary oversight of the remaining therapeutic uses of these products in the feed or water of food-producing animals by December 2016.
- All drug manufacturers affected by Guidance for Industry (GFI) #213 have agreed to fully engage in the strategy by phasing out the use of medically important antimicrobials in food-producing animals for food production purposes and phasing in the oversight of a veterinarian for the remaining therapeutic uses of such drugs. While GFI #213 specified a three-year timeframe (until December 2016) for drug sponsors to voluntarily complete the recommended changes to their antimicrobial products, some sponsors have already begun to implement them.

For additional information visit CVM's judicious use website at:

**<http://www.fda.gov/AnimalVeterinary/SafetyHealth/AntimicrobialResistance/JudiciousUseofAntimicrobials/default.htm>**

FDA's Use of Untitled Letters

Please provide FDA policies or procedures related to the issuance of an Untitled Letter related to the appearance of the letter, e.g., whether FDA requires that it has a header “Untitled Letter” and whether the Office of Chief Counsel (OCC) reviews and approves the letters prior to their issuance.

Response: Each FDA center follows the procedures specified in Chapter 4-2 of the Regulatory Procedures Manual, also known as the RPM, which provides guidance to personnel regarding the use and preparation of Untitled Letters. An Untitled Letter is correspondence with regulated industry that cites violations that do not meet the threshold for a Warning Letter. Untitled Letters should be clearly distinguishable from Warning Letters in their format and content. For example: The letter is not titled; the letter does not include a statement that FDA will advise other federal agencies of the issuance of the letter so that they may take this information into account when considering the award of contracts; the letter does not include a warning statement that failure to take prompt correction may result in enforcement action; the letter does not evoke a mandated district follow-up; and the letter requests, rather than requires, a written response from the firm within a reasonable amount of time, unless more specific instructions are provided in a relevant compliance program.

These procedures guarantee a certain degree of uniformity in letters issued by the different product centers, while still permitting the centers to have specific procedures to address the particulars of the products they regulate.

Further, Exhibit 4-1 of the RPM provides procedures for clearing certain FDA Warning and Untitled Letters by the Office of the Chief Counsel, also known as OCC, prior to their issuance. OCC reviews Untitled Letters that: involve novel, controversial, or sensitive legal issues for all centers; allege violation of the dietary supplement good manufacturing practice regulations for the Center for Food Safety and Applied Nutrition; allege violation of medical device advertising and promotion regulation, certain types of misbranding or unapproved device violations, or involve certain matters of bioresearch monitoring for the Center for Devices and Radiological Health; involve animal drug advertising and promotion or new animal drug compounding for the Center for Veterinary Medicine; involve product jurisdiction or unregistered or unlicensed blood banks for the Center for Biologics Evaluation and Research; or involve human drug compounding, unapproved new drugs, excepting health fraud cases, or over-the-counter drugs subject to final monographs for the Center for Drug Evaluation and Research.

The procedures in Exhibit 4-1, section 6.1.3 also provide time frames regarding OCC-cleared Untitled Letters, with the exception of direct reference Untitled Letters and Untitled Letters issued pursuant to a foreign inspection. The procedures state that FDA will strive to issue Untitled Letters within six months from the last day of the inspections, the date of sample analysis, or the date of collection of other evidence.

Program-specific guidance to staff related to the issuance of Untitled Letters can be found in compliance program guidance manuals, also known as CPGMs. Each type of regulated product area has one or more CPGMs associated with the types of inspections the field conducts, for example, sterile drug production, drug repackers and relabelers, and compressed medical gases. These compliance programs typically provide instructions to the field describing the types of observations which would meet the regulatory threshold for a Warning Letter. Compliance programs also may include instructions for the issuance of Untitled Letters under part five, which covers regulatory strategy and administrative matters.

Please provide FDA policies and procedures related to posting an Untitled Letter on FDA's website, including how soon it may be posted after it is issued. If it does not have such a policy, please explain why not. If FDA posts untitled letters on its website due to anticipated public demand, what are the factors in making this determination?

Response: The Agency issues Untitled Letters to communicate issues of concern regarding a firm's practices and/or products that do not merit a Warning Letter. Currently, FDA has Center-specific policies as to whether to post those Untitled Letters, except to the extent that it overlaps with the Agency's approach to proactive posting under the Freedom of Information Act, also known as FOIA. The Agency's posting approach under FOIA requires the posting of any Agency record subject to the FOIA, such as an Untitled Letter if the Agency has received three or more FOIA requests for a copy of the record, or if the content relates to a matter of significant public interest and we expect to receive multiple FOIA requests for it. This approach is consistent with federal law, Department of Justice Guidelines, President Obama's January 21, 2009, FOIA Memorandum, and Attorney General Holder's March 19, 2009, Memorandum.

In addition to posting Untitled Letters, which are frequently requested or where such requests are anticipated, Centers may develop and implement approaches that provide a greater measure of transparency through proactive posting. In order to provide additional transparency to the public, the Agency has been encouraged to provide broader disclosure than legal requirements, when FDA Centers determine it is appropriate.

The six product Centers regulate commodities widely variable in terms of risk and availability of certain types of resources. Each Center determines its own relative resource capability before determining its policy on proactive posting. The Centers further particularize their posting policies given in terms of factors, such as the need and likely value of deterrence.

CDER and CVM post all issued Untitled Letters, and both expect that posting these letters will deter other similar violations.

CDER developed its policy based on a broader-risk spectrum of issues applicable to drugs that makes a singular posting policy less effective. CDER routinely posts

Untitled Letters related to advertising and promotional labeling. These violations are typically identified through evidence encountered outside of the inspection process. Furthermore, CDER has posted Untitled Letters that document noncompliance with other standards, for example, 21 CFR Part 320 – bioequivalence - in anticipation of multiple FOIA requests for a copy of the record.

CDRH posts open letters to all manufacturers of certain types of medical devices, radiological health, or in vitro diagnostics, noting issues of concern. CFSAN posts all of the Untitled Letters related to manufacturing controls or labeling requirements, or that is issues to Internet websites, also known as cyber letters. Since its creation in 2009, FDA's Center for Tobacco Products has not issued any Untitled Letters.

Does FDA use alternative regulatory options to resolve questions related to product classification prior to issuing Untitled Letters?

Response: In response to your concerns regarding FDA policies and procedures, an Untitled Letter is often the initial communication with regulated industry concerning regulatory violations. If FDA issued the Untitled Letter subsequent to an establishment inspection, the FDA investigator may have informally discussed the situation, though they are not required to do so.

In determining whether to issue an Untitled Letter, FDA officials consider whether the evidence shows that a firm, product, and/or individual is in violation of the law or regulations. Such evidence may have been obtained during a routine or directed inspection, or other means of surveillance, such as internet website surveillance. Untitled Letters are often used as an initial correspondence and can be an alternative to other regulatory options, such as a Warning Letter.

FDA does use other alternative means to resolve questions related to product classification. As an example, in February 1997, FDA created the Tissue Reference Group (TRG) as specified in the "Proposed Approach to the Regulation of Cellular and Tissue-based Products." The purpose of the TRG is to provide a single reference point for product specific questions received by FDA - either through the Centers or from the Office of Combination Products (OCP) concerning jurisdiction and applicable regulation of human cells, tissues and cellular and tissue-based products, also known as HCT/Ps. FDA has publically posted information on how manufacturers can submit inquiries to the TRG, as well as publically disclosed TRG recommendations regarding HCT/P classification, on the biologics blood vaccines website, under tissue products and regulation of tissues.

OCP issues classification and jurisdiction assignments for medical products. Classification and jurisdiction assignments can be made informally or formally. Informal assignment requests should be made by directly contacting OCP. Formal

assignment requests can be made by submission of a Request for Designation, also known as RFD, to OCP.

Does FDA post responses to Untitled Letters or other formal “close out” letter similar to what is done for Warning Letters?

Response: Untitled Letters are often used as an initial correspondence and can be an alternative to other regulatory options, such as a Warning Letter. FDA policies and procedures do not currently call for issuing Untitled Letter closeout letters.

#### Reprogramming Provision in the Annual Appropriations Law

Has FDA notified Congress on all reprogramming requirements as required by law in fiscal years 2014 and 2015 to date? Please explain any circumstances of why the FDA has not followed this law and when the Agency will follow-up with the Committees on Appropriations of both Houses of Congress.

Response: Yes, FDA has notified Congress on all reprogramming requirements as required by law in fiscal years 2014 and 2015.

Has FDA notified all of its senior officials, career or otherwise, of the requirements placed on the Agency of reprogramming appropriated funds? If so, please explain how this information is communicated across all program areas.

Response: Yes. Notification has come through meetings with senior officials as well as email notifications to staff of the content of the appropriations language.

#### QUESTIONS SUBMITTED BY CHAIRMAN HAROLD ROGERS

##### Spent Grain

Section 116 of the Food Safety Modernization Act (FSMA) specifically exempts alcohol facilities from the majority of new regulations proposed under the legislation. FDA ultimately rescinded portions of its controversial 2014 decision to regulate spent grains, arbitrarily electing to exempt wet spent grains while moving forward with regulations related to dry spent grains. Both of these products – dry and wet spent grains – are by-products from alcoholic-beverage brewing and distilling that are beneficially re-purposed for animal feed. The choice by many distillers to dry the spent grain is largely economic: it is not economically feasible to transport or dispose of that product in its wet form. The FDA has asserted that this “extra step” constitutes refinement so that the grains might be used for profit.

There is nothing in the relevant records to insinuate that spent grains, wet or dry, jeopardize the health of animals or humans. Therefore, please explain the science behind FDA's determination that dry spent grains be subjected to the Food Safety Modernization Act. How is this determination consistent with Section 116 of FSMA?

Response: FDA notes that alcoholic beverage facilities are already subject to FDA's current good manufacturing practices regulations for human food. Section 116 of FSMA provides exemption for the production of alcoholic beverages and a very small sub-set of pre-packaged food from the requirements of FSMA. In our supplemental proposal for the Preventive Control for Animal Food (PCAF) rule published on September 29, 2014, we explained that Section 116 did not provide an exemption to FSMA for the production of animal food. In the supplemental proposal, FDA did provide modified requirements for certain human food producers, which would include alcoholic beverage producers, whose by-products are used as animal food.

The language in the rule applies to human food by-products on a larger scale and is not just specific to spent grains from the alcoholic beverage industry. Those provisions apply to manufacturers of human food that are subject to and in compliance with human food CGMP (subpart B of part 117 from the proposed PC for human food regulation) and in compliance with all other applicable human food safety requirements of the FD&C Act and implementing regulations. The alcoholic beverage industry is just one type of human food manufacturer that these provisions apply to.

Under the PCAF supplemental proposed rule, human food producers already complying with FDA human food safety requirements would not need to implement additional preventive controls or CGMP regulations when supplying a by-product (e.g., wet spent grains, fruit or vegetable peels, liquid whey) for animal food, except for proposed CGMPs to prevent physical and chemical contamination when holding and distributing the by-product. These provisions apply to human food by-products generally. When a by-product undergoes further manufacturing/processing, such as drying wet spent grains or pelleting citrus pulp, the processing of the by-product would be subject to CGMPs and preventive controls requirements. Alcoholic beverage distillers or brewers are two examples of human food manufacturers who produce by-products that are used in animal food. There are many other manufacturers that these provisions will apply to. These provisions need to be applied consistently across the human food industry to ensure that when the by-products are further processed, they are processed in a way that keeps them safe for use in animal food.

In developing these provisions, we tentatively concluded that while biological, chemical and physical hazards may be present in the human food by-products, the information reviewed indicates these hazards rarely result in serious public health concerns. This tentative conclusion was partly based on a scientific literature review and the scope of the literature review was only on human food by-products that were

not further processed because there are many different types of further processing that could introduce additional hazards. Because processing includes activities that may cause food safety problems that would need to be addressed by GMPs or preventive controls, human food by-products that are further processed would need to comply with part 507, or comply with part 117 under proposed 507.1(d) which allows firms that manufacture human and animal food in the same facility to choose between complying with part 507 subparts B and C as applicable, or proposed part 117 subparts B and C as applicable, so long as the food safety plan also addresses hazards relevant to the animal food, including nutrient imbalances.

Examples of potential public health concerns with the drying of spent grains include: (1) drying with certain fuels or using certain methods (e.g., through a direct burner system using diesel fuel) can introduce hazards into the spent grains; and (2) drying can concentrate hazards already present in grains at low levels by three to four times (e.g., increasing the ppb of aflatoxin from acceptable to violative and heavy metals from acceptable to toxic). We are considering comments on this issue in developing the final rule.

FDA cautions against using the term 'spent grains' without qualifying that those grains are the ones left over from the production of alcoholic beverages. Some people may mistakenly interpret too broadly that 'spent grains' and the use of the human food by-product provisions apply to the grains left over from the production of fuel ethanol. Those grains would be handled differently under the proposed rule because ethanol manufacturers do not manufacture human food and are therefore not subject to human food regulations.

What impact will the proposed Food Safety Modernization Act regulations have on distillers that choose to dry their grain?

Response: Wet spent grains from the alcoholic beverage industry clearly fall into the category of human food by-products that are not further processed. We have publicly stated that we consider drying spent grains to be further processing. For the reasons stated in the supplemental notice, when human food by-products (including spent grains) are further processed, they need to be processed in compliance with the CGMPs to help ensure the animal food's safety. In addition, unless they are a qualified facility or otherwise exempt from subpart C, the facility would need to assess its drying process and determine whether there are any hazards that would require a preventive control. A facility that appropriately determines through its hazard analysis that there are no hazards requiring a preventive control would document such a determination in its hazard analysis but would not need to establish preventive controls and associated management components.

Untitled Letters by the Center for Biologics Evaluation and Research (CBER)

It's my understanding that an Untitled Letter is issued when a matter in question does not rise to the level of "regulatory significance" for an FDA Warning Letter. However, I have heard

concerns that CBER may be systematically using the Untitled Letter vehicle as a way to reclassify tissue products previously eligible for marketing solely under Section 361 of the Public Health Service Act (PHSA) as drugs or biologics. I fully recognize that classifying tissue products through regulation is within the purview of the FDA, but I don't think an Untitled Letter is an appropriate vehicle for taking this kind of action.

In light of these concerns, would you follow up with the subcommittee to provide the following information:

FDA policies or procedures related to the issuance of an Untitled Letter related to the appearance of the letter, e.g., whether FDA requires that it has a header "Untitled Letter" and whether OCC reviews and approves the letters prior to their issuance;

Response: Each FDA center follows the procedures specified in Chapter 4-2 of the Regulatory Procedures Manual, also known as the RPM, provides guidance to personnel regarding the use and preparation of Untitled Letters. An Untitled Letter is correspondence with regulated industry that cites violations that do not meet the regulatory threshold for a Warning Letter. Untitled Letters should be clearly distinguishable from Warning Letters in their format and content. For example: The letter is not titled; the letter does not include a statement that FDA will advise other Federal agencies of the issuance of the letter so that they may take this information into account when considering the award of contracts; the letter does not include a warning statement that failure to take prompt correction may result in enforcement action; the letter does not evoke a mandated district follow-up; and the letter requests, rather than requires, a written response from the firm within a reasonable amount of time, unless more specific instructions are provided in a relevant compliance program.

These procedures guarantee a certain degree of uniformity in letters issued by the different product centers, while still permitting the centers to have specific procedures to address the particulars of the products they regulate.

Further, Exhibit 4-1 of the RPM provides procedures for clearing certain FDA Warning and Untitled Letters by the Office of the Chief Counsel, also known as OCC, prior to their issuance. OCC reviews Untitled Letters that: involve novel, controversial, or sensitive legal issues for all centers; allege violation of the dietary supplement good manufacturing practice regulations for the Center for Food Safety and Applied Nutrition, allege violation of medical device advertising and promotion regulation, certain types of misbranding or unapproved device violations, or involve certain matters of bioresearch monitoring for the Center for Devices and Radiological Health; involve animal drug advertising and promotion or new animal drug compounding for the Center for Veterinary Medicine; involve product jurisdiction or unregistered or unlicensed blood banks for the Center for Biologics Evaluation and Research; or involve human drug compounding, unapproved new drugs, excepting health fraud cases, or over-the-counter drugs subject to final monographs for the Center for Drug Evaluation and Research.

The procedures in Exhibit 4-1, section 6.1.3 also provide time frames regarding OCC-cleared Untitled Letters, with the exception of direct reference Untitled Letters and Untitled Letters issued pursuant to a foreign inspection. The procedures state that FDA will strive to issue Untitled Letters within six months from the last day of the inspections, the date of sample analysis, or the date of collection of other evidence.

FDA policies and procedures related to posting an Untitled Letter on FDA's website, including how soon it may be posted after it is issued;

Response: The Agency issues Untitled Letters to communicate issues of concern regarding a firm's practices and/or products that do not merit a Warning Letter. Currently, FDA has Center-specific policies as to whether to post those Untitled Letters, except to the extent that it overlaps with the Agency's approach to proactive posting under the Freedom of Information Act, also known as FOIA. The Agency's posting approach under FOIA requires the posting of any Agency record subject to the FOIA, such as an Untitled Letter if the Agency has received three or more FOIA requests for a copy of the record, or if the content relates to a matter of significant public interest and we expect to receive multiple FOIA requests for it. This approach is consistent with federal law, Department of Justice Guidelines, President Obama's January 21, 2009, FOIA Memorandum, and Attorney General Holder's March 19, 2009, Memorandum.

In addition to posting Untitled Letters, which are frequently requested or where such requests are anticipated, Centers may develop and implement approaches that provide a greater measure of transparency through proactive posting. In order to provide additional transparency to the public, the Agency has been encouraged to provide broader disclosure than legal requirements, when FDA Centers determine it is appropriate.

The six product Centers regulate commodities widely variable in terms of risk and vary in terms of availability of certain types of resources. Each Center determines its own relative factors of resources before determining its policy on proactive posting. The Centers further particularize their posting policies given in terms of factors, such as the need and likely value of deterrence.

CBER posts all issued Untitled Letters, and expects that posting these letters will deter other similar violations. CBER tries to post these letters in a timely fashion, but times between issuance and posting may vary.

Whether FDA uses alternative regulatory options to resolve questions related to product classification prior to issuing Untitled Letters; and

Response: In response to your concerns regarding FDA policies and procedures, an Untitled Letter is often the initial communication with regulated industry concerning regulatory violations. If FDA issued an Untitled Letter subsequent to an establishment

inspection; the FDA investigator may have informally discussed the situation, though they are not required to do so.

In determining whether to issue an Untitled Letter, FDA officials consider whether evidence suggests that a firm, product, and/or individual is in violation of the law or regulations. Such evidence may have been obtained during a routine or directed inspection, or other means of surveillance, such as internet website surveillance. Untitled Letters are often used as an initial correspondence and can be an alternative to other regulatory options, such as a Warning Letter.

FDA does use other alternative means to resolve questions related to product classification. As an example, in February 1997, FDA created the Tissue Reference Group (TRG), as specified in the "Proposed Approach to the Regulation of Cellular and Tissue-based Products." The purpose of the TRG is to provide a single reference point for product specific questions received by FDA - either through the Centers, or from the Office of Combination Products (OCP) concerning jurisdiction and applicable regulation of human cells, tissues and cellular and tissue-based products, also known as HCT/Ps. FDA has publically posted information on how manufacturers can submit inquiries to the TRG, as well as publically disclosed TRG recommendations regarding HCT/P classification, on the Biologics blood vaccines website, under tissue products and regulation of tissues.

OCP issues classification and jurisdiction assignments for medical products. Classification and jurisdiction assignments can be made informally or formally. Informal assignment requests should be made by directly contacting OCP. Formal assignment requests can be made by submission of a Request for Designation, also known as RFD, to OCP. The website is under Combination Products and the RFD information is under Jurisdictional Information.

Whether FDA posts responses to Untitled Letters or other formal "close out" letter similar to what is done for Warning Letters.

Response: Untitled Letters are often used as an initial correspondence and can be an alternative to other regulatory options, such as a Warning Letter. FDA policies and procedures do not currently call for issuing Untitled Letter closeout letters.

#### QUESTIONS SUBMITTED BY CONGRESSMAN KEVIN YODER

##### Trans Fats and Partially Hydrogenated Oils (PHOs)

In November 2013 FDA issued a tentative determination that concluded that Partially Hydrogenated Oils (PHOs) were not generally recognized as safe (GRAS). From 2003 - 2012 PHOs have been reduced in the food supply by 75%, and even greater reductions since the November 2013 tentative determination was published.

Why did the agency chose to take a novel approach with their tentative determination to revoke the GRAS status of PHOs, rather than going through regular rule making procedures that include Economic, small business and environmental analysis?

Response: FDA's current regulations set forth a process by which the agency, on its own initiative or in response to a petition from an interested person, may determine that a substance is not GRAS and is a food additive subject to section 409 of the Federal Food, Drug, and Cosmetic Act (FD&C Act). Specifically, Title 21 of the Code of Federal Regulations (CFR), section 170.38(b)(1), provides that FDA may initiate this process by issuing a notice in the Federal Register proposing to determine that a substance is not GRAS and is a food additive. Section 170.38(b)(2) requires the notice to allow a period of 60 days for comment. After reviewing all comments, if FDA determines that there is a lack of convincing evidence that a substance is GRAS or is otherwise exempt from the definition of a food additive, section 170.38(b)(3) states that FDA will publish a notice of that decision in the Federal Register. Section 170.38(c) provides options for how the notice determining a substance to be a food additive may provide for the use of the additive, such as by promulgating a food additive regulation, promulgating an interim food additive regulation, requiring discontinuation of use of the additive, or a combination of these approaches.

FDA followed this process for PHOs, providing a total of 120 days for public comment on its tentative determination. The tentative determination discussed the estimated costs and benefits associated with removing PHOs from the food supply, and specifically asked for comments on special considerations for small businesses. FDA considered all of the comments that were received before issuing its final determination on PHOs, which published on June 17, 2015. In addition to considering the costs and benefits of removing PHOs from the food supply, FDA also considered the environmental effects of this action, which were discussed in the final determination.

FDA further notes that this action is not unprecedented. The agency has previously addressed the GRAS status of various substances for use in human food when there has been scientific evidence that raises legitimate safety concerns, including concerns regarding chronic, multi-factorial disease. The guiding principle is the safety standard of reasonable certainty in the minds of competent scientists that the substance is not harmful under the intended conditions of use.

Can you provide the committee with detailed information about your assumptions on consumption and how that accurately reflects the current diet and associated risk?

Response: In 2010, we prepared an estimate of trans fat intake from PHOs using available food consumption data from the National Health and Nutrition Examination Survey (NHANES), market share information, and trans fat levels based on food label information for products that were identified as containing PHOs. Representative foods containing PHOs were also analyzed to determine the level of trans fat in the products. In 2012, we updated our 2010 estimate using label survey data for those

food categories that were identified as major contributors to the dietary intake of trans fat, as well as for those categories where progress in reformulation was observed. Mean intake was estimated to be 1.0 gram per person per day (0.5 percent of energy). However, consumers who consistently choose products formulated with PHOs may consume more than twice this amount. While we recognize there are inherent uncertainties associated with estimating intake of a food ingredient (e.g., using a typical food product to represent a specific food category), we believe this estimate for trans fat is representative of the exposure to trans fat from PHOs for the average consumer.

We discussed the risk of consumption at this level in our final determination regarding the GRAS status of PHOs, published in the Federal Register on June 17, 2015. Our review focused on the two main lines of scientific evidence linking trans fat intakes and coronary heart disease (CHD): (1) The effect of trans fat intake on blood lipids in controlled feeding trials, a type of randomized clinical trial; and (2) observational (epidemiological) studies of trans fat intake and CHD risk in populations. Additionally, we reviewed the conclusions of recent U.S. and international expert panels on the health effects of trans fat. The available scientific evidence supports a cause and effect relationship between trans fatty acid intake and adverse effects on blood lipids that predict CHD risk, and expert panels have affirmed this evidence.

Has FDA determined that this action will have limited impact on the economy? If so, has the Agency developed a OMB cost/benefit review typical of usual rulemakings? If not, does the Agency plan to do one?

Response: FDA published its final determination regarding PHOs on June 17, 2015, and prepared a memorandum updating our previous estimate of costs and benefits of removing PHOs from the U.S. food supply that we had discussed in our November 2013 tentative determination. Our estimate used information available to us as well as information we received during the comment period for the tentative determination. We estimated the costs of all significant effects of the removal, including packaged food reformulation and relabeling, increased costs for substitute ingredients, loss of consumer utility, and consumer, restaurant, and bakery recipe changes.

The estimated total cost to industry (including packaged food manufacturers, restaurants, and bakeries) is \$4.1 billion over 20 years at a 5 percent discount rate (a measure of inflation). The FDA estimates that monetizing the lives saved, along with the value of the nonfatal illnesses and medical expenses prevented, yields an estimated 20-year value of benefits from this action of about \$140 billion. As a result, the net health benefits far outweigh the costs.

#### Chagas Disease and the Tropical Disease Voucher Program.

It is my understanding that the FDA is planning a public meeting on April 28th on Chagas Disease, a tropical disease that causes severe cardiac symptoms and is transmissible mother-to-child. It is also one of the five diseases CDC has identified as a Neglected Parasitic Infection

(NPI). Currently, there are no FDA approved products for Chagas and none specifically for children. FDA has the authority to add Chagas disease “by order” to the Tropical Disease Priority Review Voucher Program in order to speed the development of drugs to treat the disease.

Does FDA plan to consider Chagas disease, or other tropical diseases, for the program?

Response: Yes. FDA is considering adding Chagas, and other potential tropical diseases, to the qualifying list of diseases eligible for the Tropical Disease Priority Review Voucher Program.

Has FDA started the process to issue such an order?

Response: The legislation enacted last year expanded the voucher program to Ebola and made it quicker and easier for the Agency to add other qualifying diseases. We are working towards that end now.

And, in general, how long does it take FDA to issue an order?

Response: While FDA cannot specify a particular timeframe for the designation process, the Agency will follow this new, expedited process to make any changes as quickly as possible.

Last year, Congress added Ebola to the Tropical Disease Priority Review Voucher Program to speed the development of drugs to treat that disease. As part of that legislation, FDA was given the authority to add other diseases “by order” instead of regulation. Congress intended FDA to use the authority to act quickly where there was a neglected disease. It has been several months since FDA was given this authority.

Are you considering adding diseases to the program, and has FDA begun the work to make the additions?

Response: FDA is considering adding Chagas, and other potential tropical diseases, to the qualifying list of diseases eligible for the Tropical Disease Priority Review Voucher Program.

Which diseases are you considering?

Response: FDA is considering recommendations from individuals and organizations provided during a public meeting held in December 2008 to obtain feedback regarding the tropical disease Priority Review Voucher program, including which infectious diseases should be considered for addition to the list. Written comments submitted to the associated docket are also being considered

How long will it take FDA to complete the process to add a new disease?

Response: While FDA cannot specify a particular timeframe for the designation process, the Agency will follow this new, expedited process to make any changes as quickly as possible.

#### Clinical Nutrition

In the fall of 2013, FDA released a final guidance '*Clinical Investigators, Sponsors, and IRBs: Investigational New Drug Applications (INDs) — Determining Whether Human Research Studies Can Be Conducted Without an IND*'.

What steps has FDA taken to:

Provide clarity on how the statutory definition of food applies to the new guidance?

Response: On February 6, 2014, we reopened the comment period for the final guidance with respect to those subsections of the guidance addressing the applicability of the IND regulations to clinical research involving products marketed as cosmetics or foods (including dietary supplements) (see 79 Fed. Reg. 7204). We are considering issues raised by the comments submitted following the publication of the final guidance and in response to the notice reopening the comment period. We anticipate taking further action on this matter in the near future.

We believe that there has been some confusion or misinterpretation of the guidance, which was not intended to declare that all studies involving food need to have an investigational new drug application (IND). Instead, the intent was to convey the idea that the study of a product – if the product met the statutory definition of a drug – could result in a need to have an IND. For example, the statutory definition of a drug includes “articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals.” Thus, if an article is intended for use to prevent, treat, or cure a disease, the article is within the definition of “drug” and an IND is required to conduct the research. We recognize, as acknowledged in the guidance, that the statutory definition of drug includes other subparagraphs that expressly exclude foods, including dietary supplements (notably foods that bear health claims authorized under the Federal Food, Drug, and Cosmetic Act).

What are the plans for implementation as it relates to food and nutrition research?

Response: On February 6, 2014, we reopened the comment period for the final guidance with respect to those subsections of the guidance addressing the applicability of the IND regulations to clinical research involving products marketed as cosmetics or foods (including dietary supplements) (see 79 Fed. Reg. 7204). We are considering issues raised by the comments submitted following the publication of the final guidance and in response to the notice reopening the comment period. We anticipate taking further action on this matter in the near future.

Increase transparency on the potential burden of the new guidance to food and nutrition researchers and Institutional Review Boards?

Response: On February 6, 2014, we reopened the comment period for the final guidance with respect to those subsections of the guidance addressing the applicability of the IND regulations to clinical research involving products marketed as cosmetics or foods (including dietary supplements) (see 79 Fed. Reg. 7204). We are considering issues raised by the comments submitted following the publication of the final guidance and in response to the notice reopening the comment period. We anticipate taking further action on this matter in the near future.

We note that the guidance on INDs does not alter the application or enforcement of Federal statutes or regulations other than the IND requirements. For example, our regulations pertaining to informed consent and Institutional Review Board (IRB) review are independent of the IND requirements. Comparable informed consent and IRB review requirements under the “Common Rule” promulgated by the Department of Health and Human Services and codified by 15 federal departments and agencies also may apply, depending on how the research is conducted or supported.

#### Medical Food

It is my understanding that the FDA released a draft guidance in August 2013 proposing labeling modifications for medical foods utilized for dietary management of a disease or condition. The comment period closed in December 2013.

Is the Agency continuing to review the comments?

Response: The Agency is completing its review of the comments received on the draft guidance, published August 2013, titled “Guidance for Industry: Frequently Asked Questions About Medical Foods.”

Will substantive changes be made to the guidance based on submitted comments?

Response: We will consider the comments received as we work to finalize the guidance. As always, where supported by the scientific or technical evidence and sound policy, the final guidance may vary from the draft guidance.

When will the Agency release the final guidance?

Response: We are working to issue the final guidance as soon as possible and will release it when it is completed and cleared. We anticipate publishing it on or before March 31, 2016.

#### The Generic Drug User Fee Amendment (GDUFA)

Since the passage of GDUFA, the Office of Generic Drugs (OGD) median review time to generic approval has continued to rise from 30 months in FY2011 to an estimated 42 months in FY2014. The FDA has made a commitment to reduce the review timeline.

Can you please explain to the Committee how the FDA plans to reduce the review time?

Response: During Years 1 and 2, pursuant to GDUFA's design, we executed a deep, foundational restructuring of the generic drug program to enable us to hit goal dates for action on incoming submissions beginning in Year 3 of the program. Among other things, we hired and trained approximately 1,000 new staff, moved OGD from four office buildings in Rockville to FDA's main campus at White Oak, reorganized OGD and made it a CDER "Super Office" on par with the Office of New Drugs, established a new Office of Pharmaceutical Quality to consolidate chemistry; microbiology; Drug Master File and compliance review functions into one quality review for the sake of efficiency, replaced our fragmented information systems with a new Integrated Regulatory Review Platform, and substantially enhanced our business processes in OGD, CDER and across the Agency. All of these changes were needed to enable us to synchronize and coordinate our diverse review tasks to hit goal dates.

Goal dates, of course, are the main measure of improvement of the timeliness of review. Brand biopharmaceutical and device companies can take them for granted as part of PDUFA and MDUFA. For generics, FDA had to build a lot of program infrastructure to make achievement of the goal dates possible. However, there are no goal dates for backlog, Year 1 and Year 2 submissions (collectively, "pre-Year 3 submissions") – so there is no way for industry to know when FDA might take action on them. Some of the submissions are long pending. Applicants want FDA to act on and hopefully approve them as soon as possible, notwithstanding the absence of a GDUFA goal date commitment.

FDA is making a number of improvements to address this concern. We will strive to act on all pre-Year 3 submissions by the end of Year 5 of GDUFA. This dramatically exceeds our GDUFA productivity commitment. In addition, we will pursue approval, not simply action (which includes responses other than approval), whenever feasible on pre-Year 3 submissions. Also, we agreed to assign "Target Action Dates" to pre-Year 3 submissions, notify applicants about them, and provide more information concerning review status, in order to help applicants plan product launches. A "Target Action Date" is our internal, aspirational deadline for action on a pre-Year 3 submission. We will strive to hit most Target Action Dates. In short, we are providing a "GDUFA 1.5" level of performance on pre-Year 3 submissions, even though we did not commit to do so in GDUFA.

There are some significant challenges, however. GDUFA estimated that applicants would send us 750 ANDAs per year. We budgeted and planned accordingly. In fiscal years 2012, 2013 and 2014, industry submitted 1,025 ANDAs, 968 ANDAs and 1,473 ANDAs, respectively – a much larger workload than expected. Also, it usually takes about 4 review cycles to approve an ANDA. (By contrast, the vast majority of new

molecular entities are approved in the first review cycle under a very mature PDUFA V program.) There is a saying in the generic drug space, “file first, fix later.” FDA can only approve approvable submissions. It will take some time – and work by industry *and* FDA - to improve the quality of ANDA submissions so we can more readily approve them. (By way of illustration, the first cycle approval rate was 27 percent the first year of PDUFA I. Now it’s approximately 86 percent. That is because in each PDUFA cycle, FDA and industry made targeted improvements, and these improvements accreted over time.)

Additionally, the GDUFA review performance metric goals are structured to support faster review times. FDA must act faster and on a higher percentage of submissions each year. In Year 3, we must act on 60 percent of incoming original ANDAs within 15 months of submission. By Year 5, we must act on 90 percent of incoming original ANDAs within 10 months of submission. We will be able to accomplish this because we will be leveraging rather than building new infrastructure and IT systems.

What processes has the FDA put in place to ensure it is able to meet the metrics outlined in the Goals and Commitment letter?

Response: As previously stated (see response to 109), FDA made major structural changes, enhanced our business processes, and overhauled our information technology systems in order to enable the Agency to meet the goals in the Commitment Letter. More broadly, these changes will standardize and modernize the generic drug regulatory program.

FDA is achieving – and in many cases exceeding - the metrics outlined in the Goals and Commitment Letter. First, FDA committed to hire and train at least 25 percent of incremental staff in Year 1 and 50 percent in Year 2. We met our goal by hiring and training 31 percent of incremental staff in Year 1 and 64 percent in Year 2. While we provide formal training to new hires starting on day 1, our experience has been that new hires learn best by mentoring and from on-the-job training, and that it takes about a year for a new hire to achieve full productivity. Bringing new staff to full productivity will help us meet our goals.

Second, FDA committed to take action on 90% of “backlog” submissions by the end of Year 5 of GDUFA. “Backlog” is defined as “*the queue of pending [abbreviated new drug applications] ANDAs, ANDA amendments and ANDA supplements pending as of October 1, 2012.*” We are not yet through Year 3, and have already taken action on 80 percent of the backlog submissions. In other words, we are ahead of schedule to achieve our GDUFA metric goal for the “backlog.”

Third, pursuant to GDUFA, for Year 3 we need to respond to 70 percent of controlled correspondences (i.e., industry inquiries concerning how to develop products) within 4 months. We are hitting over 95 percent so far.

Fourth, pursuant to GDUFA, for Year 3 we need to take action on 60 percent of prior approval supplements (i.e., changes affecting the safety, quality and effectiveness of an approved product) not requiring inspection within 6 months. We are at virtually 100 percent so far.

Fifth, FDA agreed to expedite the review of First to File Paragraph IV ANDAs, in particular to avoid inadvertent forfeitures of 180-day exclusivity, and to expedite the review of submissions that may become eligible for full approval as the result of no blocking patents, exclusivities or stays. These commitments are ongoing from the start to end of GDUFA I. These commitments refer to an important set of ANDAs known as first generics. They are often blocked from FDA approval by patents and exclusivities that Congress created to incentivize development of new medicines. ANDAs that qualify as “first generics” are just that – the first ANDAs that are no longer blocked by patents or exclusivities. They are important because they open the market to generic competition for the first time. They can dramatically improve access to affordable, quality medicines.

“First to File Paragraph IV (or PIV) ANDAs” is shorthand for a special subset of first generic ANDAs. Specifically, a PIV ANDA applicant is one who challenges the brand’s patents. The Hatch-Waxman law incentivizes these challenges in order to keep weak brand patents from frustrating competition. The incentive is PIV ANDAs can be the only generics on the market for 180 days after approval. One requirement is that PIV ANDAs be ready for tentative or final approval from a scientific perspective within 30 months of submission. If they are not ready, they forfeit the opportunity to obtain 180 days of market protection.

The purpose of the GDUFA commitment on PIV ANDAs is to honor the Hatch-Waxman law’s intent. We need to strive to make available the reward Congress created for challenging brand patents. 180 days of market protection can enable applicants to recoup their investments, grow their businesses, and thus further expand consumer access to generics.

There are no metric goals for PIV ANDAs, but given that they are critical for promoting both public health and a robust generic drug market, we have made a number of significant program improvements. We opened a docket and considered stakeholder feedback. We established a Patent and Exclusivity Team within OGD. The team proactively identifies, tracks, and facilitates timely resolution of issues related to first generic approvals. We built a team of experienced regulatory counsels. They analyze legal issues and document decisions in order to ensure timely action. We trained review disciplines and regulatory project managers concerning first generics. We are enhancing our computer systems to ensure that real-time information supports our nimbleness.

The first generics program infrastructure is critical. The Hatch-Waxman law is notoriously complicated. Numerous factors, such as the outcome of patent litigation,

are outside of FDA's control. The legal landscape can change rapidly and without our knowledge. We must be proactive, attentive and nimble.

Our program improvements are paying off. Over the past several months we timely approved six first generic Abilifys (5 tablets and 1 orally disintegrating tablet). We've also made first generic approvals for Fusilev, Enablex, Lotronex, Zyvox (multiple dosage forms), Tygacil, Vagifem and Integrilin. More recently, we've timely approved first generics for Pristiq, Axert, Angiomax, and Pataday.

Finally, meeting our original ANDA review metric goals is critical for ensuring a successful GDUFA program. In Year 3, we must act on 60% of incoming original ANDAs within 15 months of submission. It is too soon to tell whether we will achieve all our goals for these submissions. Here is why: The goal date for an ANDA that arrived on the *first* day of Year 3, October 1, 2014, is 15 months later, on December 31, 2015. The goal date for an ANDA that arrives on the *last* day of Year 3, September 30, 2015, is December 29, 2016.

It is also too soon to tell whether we will achieve our goals for Year 3 ANDA amendments. These goals apply to amendments to *Year 3 submissions*, and we have not received many.

Having said that, we are confident we will achieve our GDUFA metric goals for ANDAs and ANDA amendments. We built new program infrastructure that is working well. And, as discussed, we are exceeding our metric goals for other types of Year 3 submissions.

It is my understanding that there are approximately 4,000 generic drug applications pending at the FDA. Can you please explain to the Committee how you are addressing and prioritizing these applications?

Response: First, there are approximately 2,800 ANDAs pending at FDA. Of those, approximately 1,500 have reached a point in the technical review process where the Agency issued at least one Information Request (IR). An IR is a letter sent to an applicant during an application review to request further information or clarification that is needed or would be helpful to facilitate expeditious completion of the discipline review. The volume of IRs reflects review work in progress on these applications. Second, there are approximately 800 ANDAs that have already completed one full FDA review cycle. They are pending with applicants, to address deficiencies identified in FDA's complete review. Industry's response (in the form of an amendment to the original ANDA) is required before the Agency can resume its review effort. Third, FDA has issued approximately 150 Tentative Approvals (TA). A TA is issued when the application is otherwise approvable prior to the expiration of any patents or exclusivities accorded to the reference listed drug product/brand drug product. The applicant cannot market the tentatively approved product. Final approval is deferred until patents/exclusivity expire. Here again, industry's response is required before FDA may take further action.

As described in answers to questions 109 and 110 above, in an effort to address the pending ANDAs, substantial program enhancements have been made to improve the timeliness and predictability of submission review. Additionally, FDA has undertaken the largest hiring and training initiative in the history of the generic drug program. New review and facilities assessment teams, processes and tools are coming on line, and a marked increase has been observed in review output and ultimately the number of approvals and tentative approvals issued over the past few months. This performance is expected to increase as the program matures.

Regarding how FDA is prioritizing these applications, FDA follows the Manual of Policy and Procedures (MAPP) 5240.3 Rev. 1: Prioritization of the Review of Original ANDAs, Amendments, and Supplements. (MAPPs are internal CDER policies. They are posted on our website.) This MAPP sets forth certain modifications to FDA's "first-in, first-reviewed" policy to promote greater public access to medically necessary drug products. For example, the Agency expedites the review of potential first generic drug entries to the market in an effort to facilitate the availability of safe, effective, quality generic drugs when key patents and/or exclusivity provisions expire. Optimally, the Agency would like to see one or more generic drugs being marketed on the first day generic drugs are eligible to be marketed. This promotes both multiple sources of drug products and often provides a significantly less expensive version of the drug product. In both cases, the prioritization provides the American public greater access to medically necessary drug products. Pursuant to the MAPP, we also expedite applications related to drug shortages and to the President's Plan for Emergency AIDS Relief (PEPFAR).

Finally, it is very important for FDA to achieve GDUFA review performance goals. There is a metric goal for the cohort of pre-GDUFA backlog submissions, and many individual applications submitted in GDUFA Years 3, 4 and 5 obtain goal dates. Pre-GDUFA Year 3 submissions lack goal dates, but we will strive to take action on all of them before the end of Year 5 of GDUFA I.

#### Sodium

The Dietary Guidelines Advisory Committee (DGAC) recommended that the FDA should set mandatory national standards for the sodium content in foods by modifying the generally recognized as safe (GRAS) status of salt added to processed foods in order reduce the salt content of the food supply.

Given the committees stated research needs, and the recent science that concludes adverse health outcomes at low sodium intake level, will the Agency suspend any action in this regard until further research is conducted and a comprehensive review of all related science is conducted?

Response: The Dietary Guidelines Advisory Committee referenced the 2010 IOM report on *Strategies to Reduce Sodium Intake in the United States* in their report. It was this IOM report which recommended the FDA should set mandatory national

standards for the sodium content in foods by modifying the generally recognized as safe (GRAS) status of salt added to processed foods in order to reduce the salt content of the food supply. FDA's sodium reduction initiative's goal is to encourage industry to reduce sodium in products so consumers have more options to eat healthier. Our goals are not designed to bring consumers into an excessively low sodium intake range. At this time FDA is focusing on gradual, voluntary sodium reduction efforts and encouraging industry reformulation. We are not currently pursuing any mandatory sodium reduction standard. We are in support of conducting well-designed research to add to the knowledge base on sodium intake in different population groups and we seek dialogue with the food industry on the many technical issues associated with reducing sodium in processed foods.

According to the GAO, FDA isn't close to keeping up with the pace of foreign food facility inspections required by the Food Safety Modernization Act (1,323 inspections in FY14, compared to the 4,800 required by the law's formula). The Chairman briefly touched on this as it related to APHIS in our hearing yesterday, but it's clear that the FDA also has a long road ahead to meet expectations on inspection of foreign food facilities.

#### QUESTIONS SUBMITTED BY CONGRESSMAN THOMAS J. ROONEY

##### Food Safety Modernization Act Implementation

According to the GAO, FDA isn't close to keeping up with the pace of foreign food facility inspections required by the Food Safety Modernization Act (1,323 inspections in FY14, compared to the 4,800 required by the law's formula). The Chairman briefly touched on this as it related to APHIS in our hearing yesterday, but it's clear that the FDA also has a long road ahead to meet expectations on inspection of foreign food facilities.

In 2016, FDA would have to inspect an impossible 19,200 foreign facilities. Is there a way to safely balance the target number of inspections while considering the budgetary constraints and your current inspection numbers? At a rate of \$23,600 per foreign inspection (domestic inspections cost about \$15,500), the agency would have needed \$113 million to complete the 4,800 foreign inspections called for by FDA in fiscal 2014, for example. Congress gave the agency an extra \$138 million to complete all of the FSMA provisions in fiscal 2014, including training, rulemaking and foreign inspections.

Response: Under the FDA Food Safety Modernization Act (FSMA), FDA was directed to inspect at least 600 foreign food facilities in 2011 and, for each of the next 5 years, to inspect twice the number of facilities inspected during the previous year. FSMA provides FDA a multi-faceted toolkit to better ensure the safety of imported food. This toolkit includes increased foreign inspections, as foreign inspections provide direct accountability for inspected firms, incentives for all foreign firms exporting to the United States to comply with U.S. requirements, and critical intelligence for FDA concerning foreign food safety practices. The toolkit also

includes increasing private sector accountability for import safety, leveraging private sector resources, and taking advantage of any resources and services foreign governments can provide to elevate assurances that food imported into the United States meets FSMA's prevention-oriented standards and requirements.

Foreign inspections are an important part of the new import safety system mandated by FSMA, but they cannot alone ensure comparable safety of imported and domestic food. FDA has been clear in its Report to Congress under section 110(a)(1) of FSMA that the Agency does not anticipate going significantly beyond 1,200 foreign food facility inspections per year in the foreseeable future until other parts of the new import safety system have been implemented. FDA's position is based on the enormity of the additional funding that would be needed to meet FSMA's foreign inspection goals, coupled with FDA's view that additional resources would be more effectively spent first on implementing tools in the FSMA import safety toolkit that leverage both FDA and private sector resources to ensure the safety of foods exported to the United States by foreign firms.

FDA is committed to using its resources in a risk-based inspection model when selecting firms and determining the number of firms per country to inspect in order to protect the safety of the U.S. food supply. This risk-informed approach is based on allocation of programmatic resources and takes into account quantitative, qualitative, and deterministic public health safety factors when deciding what firms to inspect. This approach gives the Agency flexibility to adjust our resources effectively and efficiently as emerging issues arise.

FDA Centers and Offices work collaboratively on an inspection work plan each year, and our experts in FDA's foreign offices make important contributions to this process. For example, the FDA India Office works with ORA and CFSAN to develop a work plan for food facility inspections in India. The FDA India Office provides information to FDA Headquarters regarding "high risk" facilities and high volume facilities that have not been inspected. The FDA India Office requests other food facility inspections based on local intelligence, e.g., complaints, informants, local news, and other sources. In March 2015, FDA signed a memorandum of understanding with the Indian competent authority that has oversight of some food exports. The FDA India Office hopes to be able to leverage information from this authority to further target "high risk" food facilities that export to the U.S.

Another example is from the FDA China Office. The FDA China Office develops a list of recommended firms for inspection to share with ORA and the Centers. Similar to the FDA India Office, the FDA China Office uses local intelligence to help identify firms included on the list as well as those higher-risk food facilities that have not had a previous inspection and are known to be active suppliers to the U.S.

My home state of Florida has indicated concerns in many areas – our Commissioner of Agriculture has submitted comments on the proposed rules, which I again stress the need for your agency to heavily consider – but there's one issue in particular that I'd like to discuss: the

definitions within the rules. As an example, using the phrases “under one ownership” and “in one general location” in the definition of a farm lack scientific justification, and don’t really reflect the complexity of current animal operations.

How has FDA considered the actual process faced by farmers when enacting these new rules?

Response: In the supplemental proposal for the Preventive Controls for Human Food (PCHF) rule, a new definition for the meaning of a “farm” was proposed and public comment was requested on the revised definition. The revised “farm” definition was also reflected in the supplemental proposed rules for Preventive Controls for Animal Food (PCAF) and Produce Safety. FDA has reviewed the comments that were submitted to those three rules and has taken the comments into consideration when working on the final rules. Many of the comments expressed concern with the “under one ownership” and “in one general location” phrases of the “farm” definition. The PCAF supplemental proposal also sought comments on various types of feed mills used in animal agriculture, as FDA has recognized the complexity in the various farming models used for animal production. We used the input received from comments to inform the development of the final rules.

What is the FDA doing to keep the intent of the rule at the front of the discussion, rather than just the new regulation itself?

Response: FSMA requires FDA to establish a risk-based food safety system based on prevention to protect public health, including the health of animals. The Preventive Controls for Animal Food (PCAF) rule would have important public health impacts for both animals and people. The rule would establish a baseline set of current good manufacturing practices (CGMPs) for the animal food industry. This provides a standard for safe production of animal food for consumption in the U.S. The rule would also establish requirements for hazard analysis and risk-based preventive controls. Implementation of these provisions will primarily impact animal health by helping prevent foodborne illness in animals, such as from hazards like physical contaminants or chemical toxins. This rule would also help address harmful nutrient imbalances in animal food, such as excessive copper in feed for sheep or insufficient thiamine in cat food. The rule also would have a public health impact on people by helping prevent contamination in food for animals producing human food products (e.g., milk) and helping prevent contamination from bacteria, such as Salmonella, in pet food. Salmonella can cause foodborne illness in individuals handling contaminated pet food. FDA is keeping the intent of FSMA and our mission to protect the health of humans and animals in the forefront as we develop the PCAF final rule.

#### Tobacco Deeming Regulation and User Fees

On April 25, 2014, the Center for Tobacco Products issued a proposed rule that would deem additional products to be under your jurisdiction. In the proposed regulation you stated your intention to use February 15, 2007, as the Grandfather Date for all newly deemed products.

On November 24, 2014, you, Secretary Burwell and Director Zeller received a letter from Speaker Boehner, Majority Leader McCarthy, and Chairman Upton expressing the intent of Congress that you have the authority to adjust the Grandfather date for newly deemed products.

Do you believe you have the authority to adjust the Grandfather Date? If yes, when does the FDA intend to finalize the proposed “deeming rule”? If no, what is the legal basis upon which you based your opinion that you cannot adjust the Grandfather date?

Response: Section 910(a)(1)(A) of the FD&C Act states, in pertinent part, that the term “new tobacco product” means any tobacco product (including those products in test markets) that was not commercially marketed in the United States as of February 15, 2007. The statute also clearly states that a predicate product must either be a product that has been authorized as SE or that was commercially marketed (other than for test marketing) in the United States as of February 15, 2007, in section 910(a)(2)(A) and section 905(j)(1). FDA stated in the proposed deeming rule that we did not believe we had the authority to alter or amend the grandfather date, which is set by statute and solicited comments regarding other legal interpretations of the grandfather date that FDA should consider. FDA is currently reviewing all comments submitted.

As a follow up: Would you object to Congress clarifying our original intent that you have the expressed authority to adjust the Grandfather Date?

Response: At this time the Administration does not have a position on a possible legislative effort to give FDA the authority to adjust the Grandfather Date, but we would be prepared to discuss this further with Congress.

The proposed “deeming rule” fails to adopt a user fee framework applicable to newly deemed tobacco products like e-cigarettes. Would you agree that FDA should establish this regulatory framework?

Response: FDA has considered whether and how to assess user fees on domestic manufacturers and importers of deemed tobacco products, including e-cigarettes, as part of its user fee rulemaking and its ongoing deeming rule efforts. On May 31, 2013, we issued a proposed rule, “Requirements for the Submission of Data Needed to Calculate User Fees for Domestic Manufacturers and Importers of Tobacco Products” (75 FR 32581), that discussed FDA’s proposed interpretation of the user fee provision in section 919 of the FD&C Act (21 U.S.C. 387s) as it pertains to deemed products. In this proposed rule, we stated that “if a tobacco product that is not included in one of the six classes specified in section 919(b)(2)(B)(i) of the FD&C Act is deemed by regulation to be subject to chapter IX of the FD&C Act, fees would not be allocated to such product.” (78 FR 32586). Under this proposed interpretation, e-cigarettes are not included in one of the six classes specified in section 919(b)(2)(B)(i) and, therefore, would not have user fees allocated to them. FDA specifically solicited comment on this interpretation and received a number of submissions from industry. We declined to address those comments as part of the final rule (79 FR 39302) because we finalized

only those portions of the proposed rule that applied to products that were currently under our jurisdiction. In that final rule, we noted that we will respond to the relevant comments that we received and revise our regulations if we deem cigars and pipe tobacco subject to chapter IX of the FD&C Act. We also stated that we may revise our regulations if we deem tobacco products other than cigars and pipe tobacco, but would solicit public comment to further explore the issue.

FDA describes user fee assessments as a “self-executing” requirement under the Tobacco Control Act. Wouldn’t you agree that FDA must impose user fees on e-cigarettes immediately after they have been deemed?

Response: FDA has considered whether and how to assess user fees on domestic manufacturers and importers of deemed tobacco products, including e-cigarettes, as part of its user fee rulemaking and its ongoing deeming rule efforts. On May 31, 2013, we issued a proposed rule, “Requirements for the Submission of Data Needed to Calculate User Fees for Domestic Manufacturers and Importers of Tobacco Products” (75 FR 32581), that discussed FDA’s proposed interpretation of the user fee provision in section 919 of the FD&C Act (21 U.S.C. 387s) as it pertains to deemed products. In this proposed rule, we stated that “if a tobacco product that is not included in one of the six classes specified in section 919(b)(2)(B)(i) of the FD&C Act is deemed by regulation to be subject to chapter IX of the FD&C Act, fees would not be allocated to such product.” (78 FR 32586). Under this proposed interpretation, e-cigarettes are not included in one of the six classes specified in section 919(b)(2)(B)(i) and, therefore, would not have user fees allocated to them. FDA specifically solicited comment on this interpretation and received a number of submissions from industry. We declined to address those comments as part of the final rule (79 FR 39302) because we finalized only those portions of the proposed rule that applied to products that were currently under our jurisdiction. In that final rule, we noted that we will respond to the relevant comments that we received and revise our regulations if we deem cigars and pipe tobacco subject to chapter IX of the FD&C Act. We also stated that we may revise our regulations if we deem tobacco products other than cigars and pipe tobacco, but would solicit public comment to further explore the issue.

How do you intend to assess user fees on e-cigarettes if they are not recognized as part of the original formula used to determine market share of products so that each tobacco product category is properly and fairly assessed?

Response: FDA has considered whether and how to assess user fees on domestic manufacturers and importers of deemed tobacco products, including e-cigarettes, as part of its user fee rulemaking and its ongoing deeming rule efforts. On May 31, 2013, we issued a proposed rule, “Requirements for the Submission of Data Needed to Calculate User Fees for Domestic Manufacturers and Importers of Tobacco Products” (75 FR 32581), that discussed FDA’s proposed interpretation of the user fee provision in section 919 of the FD&C Act (21 U.S.C. 387s) as it pertains to deemed products. In this proposed rule, we stated that “if a tobacco product that is not included in one of the six classes specified in section 919(b)(2)(B)(i) of the FD&C Act is deemed by

regulation to be subject to chapter IX of the FD&C Act, fees would not be allocated to such product.” (78 FR 32586). Under this proposed interpretation, e-cigarettes are not included in one of the six classes specified in section 919(b)(2)(B)(i) and, therefore, would not have user fees allocated to them. FDA specifically solicited comment on this interpretation and received a number of submissions from industry. We declined to address those comments as part of the final rule (79 FR 39302) because we finalized only those portions of the proposed rule that applied to products that were currently under our jurisdiction. In that final rule, we noted that we will respond to the relevant comments that we received and revise our regulations if we deem cigars and pipe tobacco subject to chapter IX of the FD&C Act. We also stated that we may revise our regulations if we deem tobacco products other than cigars and pipe tobacco, but would solicit public comment to further explore the issue.

#### QUESTIONS SUBMITTED BY RANKING MEMBER SAM FARR

##### Compounding Pharmacies

The Drug Quality and Security Act resurrected section 503A, which provides for some federal oversight of state-regulated compounding pharmacies. 503A requires FDA to develop a draft Memorandum of Understanding (MOU) to facilitate the investigation of complaints and to address inordinate distribution of compounded medications across state lines. The statute is very clear that this potential limitation applies to compounded medications that are “distributed,” and there is reference to medications that are “dispensed” in the same sentence as a separate and different activity. In the Appendix of the draft MOU that was recently issued by FDA, the definition of distribute is expanded to include both distribution and dispensing, even though these are two clearly distinct activities under state and federal law.

What is the justification for FDA expanding the statutory language?

Response: FDA is not proposing to expand statutory language in section 503A. Rather, we believe that our proposed definition implements the purpose of section 503A(b)(3)(B) of the Federal Food, Drug, and Cosmetic Act (FD&C Act), which is to limit and regulate compounded drugs that are sent out of the state in which they are made. Our proposed definition is also consistent with the ordinary meaning of distribute; it is natural to say that an entity compounding under section 503A of the FD&C Act distributes the drugs it makes to patients and health care providers, just as the manufacturers of other regulated articles are said to distribute their products to their customers. Interpreting distribution not to include dispensing would write an exclusion for dispensing into the statute where Congress did not. It would also mean that drug products compounded under section 503A of the FD&C Act are excluded from the MOU and the 5 percent limit, because to qualify for the exemptions under section 503A, a compounder must obtain a valid prescription order for an individually identified patient. We believe this would achieve the opposite of what Congress intended.

Even though the statute did not direct FDA to obtain public input on the draft standard MOU, other than the consultation with NABP, FDA is engaging in a public process to obtain comments on the draft standard MOU. FDA solicited input from the public generally through written comments to the docket, and has also discussed the proposed MOU with representatives from the 50 states. FDA discussed the concepts it was considering for the MOU at an Intergovernmental Working Meeting with representatives of the 50 States and NABP in March, 2014, (see meeting summary at <http://www.fda.gov/downloads/Drugs/GuidanceComplianceRegulatoryInformation/PharmacyCompounding/UCM393726.pdf>). After the draft standard MOU was published for comment, FDA discussed the published draft at a second Intergovernmental Working Meeting with representatives of the 50 States in March, 2015 (see meeting summary at <http://www.fda.gov/Drugs/GuidanceComplianceRegulatoryInformation/PharmacyCompounding/ucm445693.htm>). FDA has received over 3,000 comments to the docket. FDA will consider all of the comments, including comments on the definition of “distribution,” when finalizing the standard MOU.

FDA is supposed to come out with a positive list for bulk ingredients that can be used for compounding in a “503B” outsourcing facility. Will this be a short, restricted list or a comprehensive list that includes most medications desired by doctors and practitioners? If the list is restricted and not comprehensive, where will patients get the medications that their doctor believes is appropriate?

Response: The “positive list” of bulk drug substances that can be used in compounding under section 503B will be comprised of substances for which there is a clinical need, as required by section 503B(a)(2)(A)(i) of the FD&C Act.

Specifically, under section 503B(a)(2)(A) of the FD&C Act, an outsourcing facility that compounds a drug product with bulk drug substances must either (1) use a bulk drug substance that appears on a list established by FDA identifying bulk drug substances for which there is a clinical need; or (2) use a bulk drug substance to compound a drug that appears on the drug shortage list in effect under section 506E of the FD&C Act at the time of compounding, distribution, and dispensing (section 503B(a)(2)(A)).

In the *Federal Register* of December 4, 2013, FDA published a notice inviting all interested persons to nominate bulk drug substances for inclusion on the list of bulk drug substances that can be used for compounding under section 503B of the FD&C Act (78 FR 72838). Over 2,500 substances were nominated. However, many of the nominations did not include sufficient information for FDA to evaluate whether to include the nominated substances on the list. To improve the efficiency of the process for developing the list of bulk drug substances that can be used to compound drug products under section 503B, FDA reopened the nomination process in July 2014 (79 FR 37750) and provided more detailed information on what it needs to evaluate a nomination. FDA stated that bulk drug substances that were previously nominated would not be further considered unless they were re-nominated with adequate support.

In response to the solicitation for bulk drug substances that can be used for compounding under section 503B, approximately 190 unique substances were nominated to the 503B list with sufficient supporting information for FDA to evaluate them.

FDA is evaluating the substances that were nominated with sufficient supporting information to evaluate them and intends to publish a notice in the *Federal Register* that describes its proposed position on each substance: either recommending that the bulk drug substance be placed on the list or recommending that it not be placed on the list, along with the rationale for the proposal. After soliciting public comment on the proposals, FDA will make a final determination and publish in the *Federal Register* a list identifying the bulk drug substances for which it has determined there is a clinical need to be used in compounding under section 503B. FDA must evaluate the nominated substances and make a decision on each one based on the statutory criteria. FDA is unable to predict at this time how comprehensive the list will be because it will depend on how many substances meet the statutory criteria. As noted above, outsourcing facilities can compound from bulk drug substances products that appear on the FDA drug shortage list, regardless of whether the substances are listed on the 503B bulk drug substance list.

To meet cGMP requirements, I am told that a new formulation must go through validation and testing procedures. That can easily take a minimum of 60 days before the medication can be compounded and made available for patient use. Also, the demand must be of sufficient quantity to justify this considerable expense.

If that is the case, how can a 503B outsourcing facility meet the need for important in-office use medications that are necessary in very limited quantities or that require special preparations?

Response: The basis for FDA's CGMP requirements is to protect patients from substandard products.

FDA is currently developing guidance on current good manufacturing practice for outsourcing facilities. The draft guidance, which is in the process of being finalized, discusses the use of existing knowledge and data to reduce testing for new formulations, potentially leading to smaller batches being produced without full testing and stability evaluation. New formulations intended for injection must be sterile and if sterilized by a filter, the filter must be shown to not damage the drug product formulation and to permit it to be filtered appropriately. Compounders and other manufacturers often contract with filter vendors to perform these studies, which may result in the time period mentioned. New formulations, both sterile and non-sterile, are generally required to be shown to be stable, i.e., that the ingredients, particularly the active ingredient, remain at or near their formulated potency to ensure the patient receives the amount of drug prescribed and is not exposed to unacceptable levels of potentially toxic degradants.

Congress passed the DQSA over a year ago, yet the positive list for 503B outsourcing facilities has not been developed. FDA is requiring nominations to prove a “clinical need” for each bulk ingredient, including substantial and costly information to establish a clinical need for drugs that are not market protected.

Isn't the prescription the evidence of a clinical need since the medical provider would not have written it if he or she did not believe it served a clinical need?

Response: Outsourcing facilities registered under section 503B are not required to obtain prescriptions. Section 503B(d)(4)(C) of the FD&C Act states that outsourcing facilities may or may not obtain prescriptions for identified individual patients, and outsourcing facilities often do not receive a prescription from a medical provider before compounding a drug product. That is one of the important distinctions between a 503B outsourcing facility and a pharmacy seeking to qualify for the exemptions under section 503A.

Section 503B(a)(2)(A)(i) of the FD&C Act directs FDA to develop a list of bulk drug substances *for which there is a clinical need* (emphasis added). FDA did not require nominations for bulk drug substances to include substantial and costly information. Rather, FDA requested the following basic information that the Agency needs to evaluate the substance and to determine if it meets the statutory criterion of clinical need:

- A statement describing the medical condition(s) that the drug product to be compounded with the nominated bulk drug substances is intended to treat;
- A list of FDA-approved drug products, if any, that address the same medical condition;
- If there are any FDA-approved drug products that address the same medical condition, an explanation of why a compounded drug product is necessary;
- If the approved drug product is not suitable for a particular patient population, an estimate of the size of the population that would need a compounded drug product;
- A bibliography of safety and efficacy data for the drug product compounded using the nominated substance, if available, including any relevant peer-reviewed medical literature; and
- If there is an FDA-approved drug product that includes the bulk drug substance nominated, an explanation of why the drug product proposed to be compounded must be compounded from bulk rather than with the FDA-approved drug product.

#### Sunscreen Approvals

For years this committee has asked the FDA about sunscreen approval. And for years the committee has put strong language in its report directing FDA to act affirmatively in moving the

process along. Last year Congress passed and the President signed a new law on the issue. And yet this year – we're at a dead stop.

Why are the sunscreen ingredient applications still stuck? The last time an Over-The-Counter (OTC) sunscreen ingredient was approved by the FDA was in the 1990s.

Response: It is very important that consumers have access to safe and effective preventive skin care drug products. FDA is actively working to assure that sunscreens containing the ingredients being evaluated under the Sunscreen Innovation Act (SIA) provide such protection.

As required by the SIA, FDA completed an important step in the review process for sunscreen active ingredient applications marketed for a material time and extent in other countries and determined eligible for review prior to enactment of the SIA. We have reviewed all eight pending sunscreen active ingredient applications, evaluated submitted data, and identified the missing information we need to determine whether sunscreens containing each ingredient would be generally recognized as safe and effective. We issued proposed orders outlining additional data needed in order to make a determination whether each ingredient meets this standard.

As outlined in the SIA, FDA has asked sponsors to gather this data and submit it to the FDA for evaluation. We have not yet received any additional data. The Agency is committed to doing its best to continue to meet future deadlines under the SIA once the additional data are submitted – and to provide American consumers with additional options for safe and effective sunscreen ingredients.

Heightened concerns about the risk of skin cancer and premature aging have fundamentally altered consumers' use of sunscreen products over the past few decades. Americans once applied the products in modest amounts while at the beach or exercising during peak hours of summer sun exposure. In contrast, today, Americans – young and old, fair skinned and not – now routinely spread on sunscreens all year round.

A significant increase in the amount and frequency of sunscreen exposure combined with advances in scientific understanding that some sunscreen ingredients are absorbed into the bloodstream have raised safety concerns.

The SIA does not relax the scientific standards for evaluating safety and effectiveness or the requirement that the Agency have adequate data on which to base a generally recognized as safe and effective (GRAS/E) determination. FDA has proposed data requirements, unanimously supported by an Advisory Committee panel of independent scientific experts, to meet this standard. We look forward to receiving industry data and reviewing the data within the timelines provided for under the streamlined process established by the SIA. These data will be key to helping American consumers make informed decisions about these products.

## QUESTIONS SUBMITTED BY CONGRESSWOMAN ROSA DELAURO

## Caramel Apple Outbreak

The CDC has concluded that the recent caramel apple outbreak appears to be over, and it looks like their investigation is pointing to a California apple grower where they were able to establish a link to a specific strain of *Listeria*. Madam Commissioner – I know the apple growers have often said that fresh apples have never been linked to a multi-state outbreak, but in this instance, the American apple industry was perilously close to a very serious outbreak that sickened 35 people and killed 7 across 12 states.

Would it be fair to say that all of the growers have a strong interest in getting FSMA up and running? Consumer confidence is fragile and we have seen in previous outbreaks – spinach, peanuts, etc. – that consumers will change their behavior and shun food products they perceive as less safe, even if the outbreak happens a thousand miles away. Don't you think we need to get FSMA up and running to secure the safety of our food supply?

Response: FDA agrees that full implementation of FSMA is important to reduce foodborne illness. We have participated in many farm tours around the country to listen to feedback and engage farmers in discussion on the FSMA rules. During these most recent state visits, all of which were hosted by the heads of state agriculture departments, we heard continued support for FSMA and the need to implement it well. In fact, most of the discussion revolved around what has to be done once the rules take effect.

We were also asked how we're going to pay for all this and that brought up the critical issue of funding, which is a concern. It is urgent that FDA receive the full funding requested in the President's Budget (\$109.5 million) for the training, technical assistance, state partnerships and import oversight that is essential for sound implementation of the FSMA rules beginning in late 2016 and 2017.

The investment in FSMA is an investment in preventing foodborne illness and foodborne illness outbreaks. We know full well the tragic effects that foodborne illness can have on consumers, but it can also have catastrophic effects on business and on markets. It is important that we implement the changes in order to prevent illnesses, while we also work to improve our responses to them.

## Food Safety: TPP

The Obama Administration is currently involved in negotiating two major free trade agreements – the Trans Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP). I am especially concerned with the food safety implications of these trade agreements. For example, many of the countries in the TPP talks do not have robust food safety systems. Do you have concerns that increased trade with these countries will further strain FDA's ability to safeguard U.S. consumers from unsafe imported food products?

Response: The TPP text on sanitary and phytosanitary (SPS) measures ensures that the United States' and other TPP partners' regulatory agencies maintain their sovereign authority to protect food safety and animal and plant health, and to do what they deem necessary to protect food safety and plant and animal health. There is nothing in the TPP's SPS chapter that would undermine the United States' or any other TPP country's ability to ensure food safety or to protect animal or plant health. On the contrary, by strengthening other countries' processes, we will help to further enhance food safety and sound SPS regulatory systems. We believe that the United States' import controls, which rely on 100% electronic screening of imported products as well as risk-based sampling and testing, in addition to new authorities under the FDA Food Safety Modernization Act (FSMA), put us in a strong position to ensure the safety of imported food. FDA is in the process of implementing FSMA, which provides for risk-based verification to ensure that imported foods are in compliance with U.S. requirements.

Will you supply us with a list of the instances in which FDA staff members have been physically present during these trade negotiations and the topics discussed?

Response: FDA worked closely with USTR to ensure that the Sanitary and Phytosanitary (SPS) chapter of the TPP agreement, which governs trade in safe food and feed, would not impede FDA operations or authority, including FDA's authority to fully implement the FDA Food Safety Modernization Act (FSMA). FDA employees attended all meetings of the interagency negotiating group, which was responsible for formulating U.S. negotiating positions and drafting text for topics addressed in the SPS chapter, including obligations that require a scientific foundation for SPS measures, obligations governing the publication of draft measures for comment, and obligations related to how countries handle imported food and feed at the border. FDA also participated in the clearance of U.S. positions in the Administration's Trade Policy Staff Committee and attended all but one round of negotiations. As the SPS chapter came to a close, FDA also attended negotiations among Chief Negotiators and Ministers, where USTR consulted with FDA to ensure that FDA's authority would not be negatively impacted.

#### Pet Treat – Food Safety

I would like to thank FDA for pursuing an investigation into the deaths and illnesses of U.S. dogs and cats that seem attributed to imported pet treats from the People's Republic of China. What is the status of the investigation?

Response: As of May 15, 2015, FDA has received approximately 5,200 reports of pet illness which may be related to consumption of jerky pet treats (JPT). The reports involve more than 6,000 dogs, 26 cats, and three humans, and include more than 1,100 canine deaths. These incidents date back to 2007.

Although FDA has received reports of GI, renal and other complaints associated with JPT manufactured in a variety of countries, the illness reports associated with treats made in China have consistently produced a safety signal in dogs for Fanconi-like

Syndrome (FLS). FLS is a rare kidney disease normally seen primarily in certain dog breeds as a hereditary condition, but it can also be acquired through toxin and drug exposures in any breed. FDA is following these cases very closely, including product and patient testing, and considers FLS to be a signal unique to this investigation. Although FDA continues to invest numerous resources into the investigation, including testing for contaminants in jerky pet treats, no definitive cause for the illnesses has been identified.

In addition to testing jerky pet treats, since 2012 FDA has been collecting urine from dogs reported to have a variety of illnesses after eating the treats (not only the FLS cases). FDA has been testing the urine for markers of FLS. As of May 15, 2015, FDA confirmed FLS in 176 dogs, some of which had not been reported as having FLS initially. FDA continues monitoring FLS positive dogs to determine how long markers of FLS are detectable in the urine after stopping the jerky pet treats. FDA's testing will help characterize the possible links between exposure to jerky pet treats and developing the rare Fanconi-like syndrome. This information can help veterinarians recognize and diagnose the illness and report this problem. FDA also uses urine FLS testing results to determine which products to test, optimizing testing resources.

When possible, FDA performs necropsies on dogs reported to have died after eating jerky pet treats. In some cases, the clinical signs reported prior to death may not appear to be related to eating jerky pet treats. As of May 15, 2015, FDA coordinated 75 necropsies. Cause of death was found to be unrelated to jerky treat consumption for more than half (42) of the cases. Eating jerky pet treats cannot be ruled out as a possible cause of illness for 28 of the necropsy cases, and results were pending for 5 cases. In most cases of FLS reported to FDA, if the treats are stopped and the dog is treated with veterinary care (IV fluids, etc.), the dog generally recovers. Therefore, FDA has limited necropsy data on the reported FLS cases.

Your recent update shows a marked decline in the number of cases associated with this investigation. Why do you think that occurred?

Response: While we don't know for sure, several factors may be contributing to the decline in reported complaints. First, several major retailers, including Petco and PetSmart, have stopped selling jerky pet treats from China  
<http://about.petco.com/2014/05/petco-to-stop-sales-of-china-made-dog-and-cat-treats/>  
<http://www.nbcnews.com/news/investigations/petsmart-pulls-chinese-jerky-pet-treats-all-stores-n111086>

Other US companies have made changes to their business model:  
<https://www.waggintrainbrand.com/faqs/changes-china>

Second, there seems to be a decline in media attention surrounding the issue, which generally correlates with the number of reports received by FDA.

While the number of complaints has significantly declined during this 8+ year investigation, the level of complaints associated with Fanconi-like Syndrome has remained relatively constant as a proportion of reports over time. We are continuing to focus on this signal and investigate the cases reported to the Agency.

FDA also has issued Import Alerts against two Chinese pet treats manufacturers: PET CENTER CHINA COMPANY and TIANJIN SHENGFA FOODSTUFFS CO., LTD. What were the reasons for these Import Alerts? Would be able to tell us who in the U.S. they were supplying?

Response: Import Alert 72-07

([http://www.accessdata.fda.gov/cms\\_ia/importalert\\_1140.html](http://www.accessdata.fda.gov/cms_ia/importalert_1140.html)) was issued for Detention Without Physical Examination (DWPE) for chicken jerky-type pet treats for the presence of unapproved or prohibited antibiotics and antivirals.

Currently, there are two manufacturers on the DWPE prohibited list. One manufacturer, Tianjin Shengfa Foodstuffs is the manufacturer of Dog 101. The second manufacturer, Pet Center China Co., Ltd. is the manufacturer of their own brand, PCI, and provider to a secondary firm, Happy Dog Place.

**For more information on the jerky pet treats investigation:**

**<http://www.fda.gov/AnimalVeterinary/SafetyHealth/ProductSafetyInformation/ucm360951.htm>**

#### Food Safety: Antibiotic Resistance

The President has proposed a program to combat antibiotic-resistant bacteria. FDA's budget proposes \$7.1 million for the Center for Veterinary Medicine to phase out use of medically important antimicrobials in food-producing animals. Can you give us more specifics on how that money will be used to achieve a phase-out?

Response:

- With this funding increase, the Animal Drugs and Feeds Program will assess and measure the impact of Guidance for Industry (GFI) #213 and the Veterinary Feed Directive (VFD) regulation over time as a part of the National Strategy for Combating Antibiotic Resistant Bacteria. This effort supports the continued work to address public health safety concerns associated with antimicrobial drug use in animals and the related development of antimicrobial resistant bacteria. Bacteria and other microorganisms that cause infections are remarkably resilient and can develop ways to survive drugs meant to kill or weaken them. Emergence of resistant bacterial pathogens may be partly attributed to the increased use of antimicrobials in both food producing animals and humans.
- FDA will develop a system, with input from public and industry stakeholders, for monitoring antimicrobial drug use in food-producing animals through the periodic collection of nationally-representative on-farm data on antimicrobial-use practices and

resistance, in partnership with USDA and CDC. FDA will implement a VFD compliance program and provide guidance and training to support the VFD regulation implementation. FDA will engage in outreach efforts to inform and educate in the area of antimicrobial resistance.

Information on the usage of drugs in animal agriculture is hard to get, and often shielded by laws governing confidential business records. How will FDA improve the timely public release of this important information?

Response:

- On May 19, 2015, the FDA proposed revisions to its annual reporting requirements for drug sponsors of all antimicrobials sold or distributed for use in food-producing animals in order to obtain estimates of sales by major food-producing species (cattle, swine, chickens, and turkeys). The additional data would improve understanding about how antimicrobials are sold or distributed for use in major food-producing species and help the FDA further target its efforts to ensure judicious use of medically important antimicrobials.
- The proposed rule also includes a provision to improve the timeliness of the report by requiring the FDA publish its annual summary report of antimicrobial sales and distribution information by December 31 of the following year.
- For more information see:  
<http://www.fda.gov/AnimalVeterinary/NewsEvents/CVMUpdates/ucm446803.htm>
- FDA is also collaborating with USDA and CDC to develop a plan for collecting additional on-farm data on antimicrobial use and resistance. As part of this collaboration, we are holding a public meeting in September in order to obtain input from the public. Such data are intended to supplement existing information, including data on the quantity of antimicrobials sold or distributed for use in food-producing animals (reported under section 105 of the Animal Drug User Fee Amendments of 2008) and data on antimicrobial resistance (e.g., collected under the National Antimicrobial Resistance Monitoring System and the National Animal Health Monitoring System). Data from multiple sources are needed to provide a comprehensive and science-based picture of antimicrobial drug use and resistance in animal agriculture.

When will we know whether current voluntary programs for phasing out antibiotics in animal agriculture are working, and how will we know?

Response:

- FDA Guidance for Industry #213 aims to eliminate production uses of medically important antimicrobials and require veterinary oversight of the remaining therapeutic uses of these products in the feed or water of food-producing animals by December 2016.

- FDA will monitor the progress of its strategy for the voluntary adoption of the changes outlined in the guidance, including the progress of measures intended to facilitate an orderly and minimally disruptive transition. All drug manufacturers affected by Guidance for Industry (GFI) #213 have agreed to fully engage in this strategy. While GFI #213 specified a three-year timeframe (until December 2016) for drug sponsors to complete the recommended changes to their antimicrobial products, some sponsors have already begun to implement them.

In addition to tracking completion of the recommended changes, FDA recognizes that it is important to identify ways to assess the effect of GFI #213 over time. FDA currently collects data on the sale and distribution of antimicrobial drugs intended for use in food-producing animals, as well as data on antimicrobial resistance among foodborne pathogens as part of the National Antimicrobial Resistance Monitoring System. FDA is currently working in collaboration with other agencies, including United States Department of Agriculture and the Centers for Disease Control, to explore approaches for enhancing current data collection efforts in order to measure the effectiveness of the strategy. FDA anticipates seeking additional public input as it develops these enhancements. It will take some time before the impacts on resistance itself can be reliably measured.

#### Food Safety: Budget and Fees

The FY 2016 proposed budget once again calls for the establishment of facility registration fees and import fees to fund the implementation of FSMA. These fees have been rejected by Congress in the past. What makes you think that this year will be any different?

Response: The President's Budget includes both budget authority increase as well as two proposed user fees. The amount requested represents FDA's total need to fully implement FSMA.

What will happen to the implementation of FSMA if these fees are not authorized?

Response: Not receiving the proposed fees will delay or reduce FDA's ability to fully implement FSMA. In particular, FDA needs the resources from the proposed import user fee to enhance import safety. In addition, this fee would provide significant benefits to importers such as more efficient import inspections and increased time dedicated to import inspections.

The agency already has authorization to collect a fee under the third-party auditor program for imported food. The budget request indicates the agency expects to collect \$1.2 million in FY2016.

Is this realistic since we have not even seen a proposed regulation describing this fee?

Response: On July 24, 2015, FDA published a proposed rule that would establish user fees for participation in the voluntary FSMA third-party accreditation program. The user fee proposed rule, when finalized, will complement the July 2013 Accreditation of Third-Party Auditors/Certification Bodies proposed rule that is scheduled to become final this fall.

How many third-party auditors does FDA expect to apply for the program?

Response: Although it is difficult to predict participation before the Accredited Third-Party Certification rule is finalized and the program implemented, FDA prepared a Preliminary Regulatory Impact Analysis to the Accredited Third-Party Certification proposed rule, in which we estimated between 1200 and 1400 third-party auditors/certification bodies would participate in the FSMA third-party certification program. We will provide updated estimates of participation in the program in the final RIA accompanying the Accredited Third-party Certification final rule.

The certified imported food rule is due to be finalized on October 31. Are there any foods that will require certification at that time?

Response: Currently, certification is not required for any foods, nor are there any current plans to require certification for any specific foods. FDA will make determinations on whether import certification is appropriate based upon the risk of the food as determined by the specific facts of the situation at hand. When making this determination, the Agency will consider the factors set forth in section 801(q)(2) of the Federal Food, Drug and Cosmetic Act (the Act) and evaluate various types of relevant information/evidence. FDA does not intend to require import certification for all food with an inherent risk, although the inherent risk of a food will be weighed when evaluating the need for import certification under section 801(q) of the Act.

The authority to require import certification for foods under section 303 of the FDA Food Safety Modernization Act (FSMA) is not predicated upon finalization of a rule by FDA, as the Agency could have used this new authority upon the enactment of FSMA. Although FDA does not anticipate issuing a rule under section 303, in the interest of transparency, the Agency does intend to publish a guidance for industry in the *Federal Register* to articulate the criteria FDA will consider when using this new enforcement tool. However, due to competing priorities, a timeframe for publication is unknown. The Agency is directing its resources to facilitate the finalization of the rules and guidance associated with Foreign Supplier Verification Program (FSVPs) under section 301, the Voluntary Qualified Importer Program (VQIP) under section 302, and the accreditation of third-party auditors program under section 307.

The Voluntary Qualified Importer Program is the other area where third party certification is used. When will we see the rule setting up that program?

Response: Similar to import certification under section 303, the Voluntary Qualified Importer Program (VQIP) will be outlined in guidance for industry, rather than a rule. The draft guidance for industry represents FDA's current thinking on VQIP and covers

VQIP participation, revocation, reinstatement, and user fees. FDA published a notice of availability of the VQIP draft guidance in the *Federal Register* on June 5, 2015, and the comment period closed on August 19, 2015. The VQIP final guidance is scheduled to be published at the end of 2016 and the program is set to be operational in fiscal year 2018. FDA plans to conduct a timely and efficient review of the applications for VQIP participation received beginning January 2018 to ensure that approved applicants begin receiving the benefits of VQIP participation by October 2018.

#### E-cigarettes

E-cigarette use among youth is rising at an alarming rate – with more teenagers now using e-cigarettes than traditional cigarettes; also of great concern is that calls to poison control centers related to liquid nicotine poisoning are also rising at alarming rates with calls in 2014 more than doubling those in 2013. Last December a toddler died from ingesting liquid nicotine used to refill electronic cigarettes. It took FDA nearly 3 years to issue a proposed deeming rule to enable it to regulate e-cigarettes – and we’re still waiting. I have called on FDA to issue a final rule by April 25, 2015 - this is an urgent matter to protect public health and our youth in particular – when can we expect a final rule?

Response: The comment period for the proposed deeming rule closed on August 8, 2014, and FDA received over 135,000 comments in this docket. We are carefully considering all of these comments, including any data, research, and other information submitted to the docket. Finalizing the deeming rule is a priority for the Agency and we share your sense of urgency on this important matter.

#### Tobacco Deeming Rule

I, with many of my colleagues, expressed dismay over the cost-benefit analysis that accompanied the tobacco deeming rule, specifically the agency’s decision to discount the public health benefits of reduced tobacco use by 70% due to the notion that quitting use of a deadly product comes with a large loss in pleasure. A group of prominent economists have weighed in to argue this analysis is deeply flawed and should not apply in the tobacco context.

While I appreciate the response we received from HHS on this analysis, can you tell me if this flawed analysis will be rectified when the final deeming rule is released?

Response: FDA shares your concern with ensuring that public-health benefits of tobacco regulation are not overly discounted based on a calculation of loss of consumer surplus that fails to appropriately account for the addictive nature of tobacco products. To provide an analysis that more completely accounts for non-rational consumer behavior, the office of the Assistant Secretary for Policy and Evaluation (ASPE) at the Department of Health and Human Services, and FDA’s Office of Policy, Planning, Legislation and Analysis (OPPLA) have obtained the latest research in behavioral economics of addictive and habitual goods (published and unpublished), contacted recognized experts in health economics and behavioral economics, solicited

ideas for new ways of analyzing lost consumer surplus in cases of addictive and habitually-consumed goods, and conducted internal examination of normative economic models of such goods. FDA will take these concepts into consideration, as well as all comments submitted to the docket, in the development of the regulatory impact analysis for the final rule.

#### Food Safety: FMSA Registrations

Would you tell us how many domestic food facilities are currently registered under the Food Safety Modernization Act (FSMA)?

Response: As of March 4, 2015, there are a total of 76,187 domestic food facilities registered with FDA.

How many foreign food facilities are registered under FSMA?

Response: As of March 4, 2015, there are a total of 98,632 foreign food facilities registered with FDA.

#### Food Safety: FSMA Coordination

The implementation of the FSMA relies heavily on an integrated food safety system in which the states are being called upon to conduct a large portion of the food facility and farm inspections. FDA has had difficulty in the past of assuring that states that have been awarded contracts to conduct FDA inspections have performed them to FDA requirements. What oversight will FDA provide to hold the states accountable?

Response: FDA audits inspections purchased through contracts with states to ensure the quality of inspections is adequate and complies with contract requirements. FDA has recently revised Field Management Directive #76 State Contracts – Evaluation of Inspectional Performance. This FMD addresses the procedures for the audits, the frequency of the audits, the auditor training requirements, the records required to document the audits, and procedures for addressing deficiencies.

How many states does FDA anticipate participating in this arrangement?

Response: The number of FDA/State contracts in FY 2015 was 45 in the food safety inspection contract program and 34 in the feed safety inspection contract program for a total of 79 contracts. In FY 2016, the numbers are expected to be 46 in the food safety inspection contract program and 35 in the feed safety inspection contract program for a total of 81 contracts.

How much will this cost?

Response: The total cost of the food and feed contracts for FY 2015 was \$11,906,241.46 for the food safety inspection contract program and \$2,764,020.39 for

the feed safety inspection contract program for a total of \$14,670,261.85. For FY 2016, we estimate the costs will be \$11,746,372.28 for the food safety inspection contract program and \$2,829,180.00 for the feed safety inspection contract program for a total of \$14,575,552.28.

What will FDA do in the event a state refuses to participate in this program?

Response: If a state program does not want to conduct the food or feed contract work with FDA, the FDA field office will conduct 100% of that workload.

#### Food Safety: Allocation of Investigators

FDA is moving towards creating specialized cadres of investigators whereby there will be inspectors dedicated to performing primarily food and animal feed inspections; another cadre will perform primarily drug facilities inspections, etc. How many additional field staff will you need to accomplish this transformation of the Office of Regulatory Affairs?

Response: It is too early to precisely predict the Office of Regulatory Affairs' (ORA's) future staff requirements, transitioning from a geographically-based management model to a program-based management model, where investigations, compliance, and operational managers are aligned by program. ORA is currently comparing its current staffing level and staffing proficiencies with the staffing needs for each program area. This information, along with data from each program's inventory, will be used to determine any gaps in staffing by program area, which will then enable us to determine future staffing needs by program.

How much relocation will need to take place of the current ORA staff so that your inspection staff is properly allocated across the country?

Response: FDA has no plans to relocate any inspection staff. FDA will align current staff not only by program but also by operational needs ensuring staff will be best positioned to inspect, examine, and collect samples of both domestic and imported products. In addition, FDA will target any future inspectional hiring in those specialties and locations where there is a need.

How much will that cost?

Response: As FDA has no plans to relocate any inspection staff, there will be no costs associated with relocation.

Will these changes require negotiations with the labor organizations representing these employees?

Response: Until final decisions are made on aligning staff by program, FDA does not affirmatively know what will require bargaining under the current HHS Collective

Bargaining Agreement. FDA has begun and will continue actively engaging both labor organizations that represent ORA employees.

#### Food Safety: Reinspection Fees

Section 107 of the Food Safety Modernization Act gives FDA the authority to collect reinspection fees from those facilities that have either been involved in a recall or where the facility has required additional inspections due to process controls issues that have surfaced. The agency has published Federal Register Notices on how those reinspection fees are calculated.

How much money has FDA actually collected since 2011 from the imposition of those fees?

Response: FDA has not collected any funds related to the re-inspection fee in FSMA.

#### Food Safety: Third Party Certifiers

How many private third party certifiers does FDA anticipate to recognize to pass on the safety of imported food products?

Response: Although it is difficult to predict participation before the Accredited Third-Party Certification rule is finalized and the program implemented, FDA prepared a Preliminary Regulatory Impact Analysis to the Accredited Third-Party Certification proposed rule, in which we estimated between 1200 and 1400 third-party auditors/certification bodies would participate in the FSMA third-party certification program. We will provide updated estimates of participation in the program in the final RIA accompanying the Accredited Third-party Certification final rule.

What oversight mechanism will FDA have in place to ensure that our food safety standards are being enforced by these private entities?

Response: FSMA requires that any third-party auditor/certification body seeking accreditation must be qualified to determine a foreign food firm's compliance with the applicable food safety requirements of the FD&C Act and FDA regulations. In the Accredited Third-Party Certification proposed rule, FDA proposed as part of the oversight of accredited third-party auditors/certification bodies that it may review a variety of records and information relating to each accredited third-party auditor/certification body, such as performance assessments, information regarding the auditor's/certification body's qualifications, and information obtained during onsite observations of performance during audits to examine compliance with the applicable food safety requirements of the FD&C Act and FDA regulations.

To help ensure that FDA has adequate oversight of the program, FSMA grants FDA authority to withdraw the accreditation of any third-party auditor/certification body under certain conditions. For example, FSMA requires, with some exceptions, FDA to withdraw accreditation whenever the Agency finds that an accredited third-party

certification body is no longer meeting the requirements for accreditation, in certain outbreak situations, or following a refusal to allow U.S. officials to conduct audits and investigations to ensure compliance with program requirements. FDA also may withdraw accreditation under certain circumstances where Agency determines there is good cause for withdrawal. We recognize that the credibility of the FSMA third-party certification program rests in large part on the rigor of FDA's oversight.

#### Food Safety: Systems Recognition

What is the status of the "systems recognition" efforts that FDA has begun to evaluate the food safety systems of foreign countries?

Response: FDA has been testing and continues to develop a process for conducting systems recognition assessments. Initial pilots with New Zealand, Europe, Canada and Australia are moving forward and have been useful. FDA is also collecting comments to inform its decision making process as FDA considers moving forward from a pilot phase to implementation.

How many countries does FDA plan to recognize under this initiative?

Response: There is no plan for the number of countries that FDA will consider under this initiative. Systems Recognition is a voluntary program and is based on a country requesting a systems recognition assessment.

#### Food Safety: Foreign Food Facilities

The proposed FY 2016 foods budget projects that the percentage of imported food lines of entries that will actually receive physical inspection will drop to 1.41% at our ports-of-entry. It also projects only 1,200 foreign food facilities will receive a physical inspection by FDA staff. As you know, FSMA called for the doubling of foreign facility inspections every year from 2011 through 2016. In 2011, the base number of facilities was 600. In 2016, FDA should be conducting inspections in 19,200 different foreign food facilities. You are still stuck at the 2012 level. Why?

Response: As discussed, FSMA provides FDA a multi-faceted toolkit to better ensure the safety of imported food. For example, the foreign supplier verification programs (FSVPs) mandated by FSMA will be the foundation of a new system under which importers will take greater responsibility for ensuring that foreign manufacturers and farmers produce food in compliance with U.S. safety requirements. Another import-related program, the Voluntary Qualified Importer Program (VQIP), will make it easier for participants in the program to import items into the U.S., based on demonstrated high-performance on food safety, and enable FDA to better focus its resources on potentially higher risk imports. FSMA also directs FDA to establish an accredited third party audit program, under which third party auditors can assure importers and FDA that foreign producers are using effective preventive controls or

meeting the produce safety standards, as applicable. Final rules requiring FSVPs and establishing the accredited third party audit program will publish this year.

The Agency is expanding its collaborations with foreign governments so that FDA can rely as appropriate on foreign government food safety programs and gain knowledge about the safety of foreign exports. This allows FDA to focus its own resources more efficiently.

FDA's current focus with respect to foreign facility inspections is targeting them to achieve the greatest public health benefit. FDA's selection of foreign food facilities for inspection is based on an overall, cross-cutting risk profile. The primary factors contributing to a facility's risk profile include: (1) the food safety risk associated with the commodity (the type of food), (2) the manufacturing process, and (3) the compliance history of the facility, such as refusal rates for products that were denied entry into the United States. Section 201 of FSMA requires FDA to identify high-risk facilities and allocate resources to inspect facilities according to their known safety risks, and includes several factors to consider when developing a facility's risk profile.

Looking ahead, as part of FDA's Operational Strategy for the Implementation of FSMA (<http://www.fda.gov/Food/GuidanceRegulation/FSMA/ucm395105.htm>), FDA is committed to reconfiguring import screening and field exam activities to ensure that FDA is making strategic, risk-based use of its import oversight resources. FDA is also committed to building data integration and analysis systems to strengthen risk-based targeting of resources. As FDA moves forward with implementing the new FSMA toolkit for imports, FDA intends to monitor, analyze, and reconsider a host of factors, including the number of foreign inspections we conduct and how we target them, and adjust as necessary and as funding permits, to further our public health mission. All of these activities will contribute to FDA's ability to ensure comparable safety of imported and domestic food and rely on FDA receiving sufficient resources.

#### Food Safety: China Visas

What is the status of the visa controversy involving the assignment of FDA staff in the offices the agency maintains in the People's Republic of China?

Response: In late 2014, FDA signed two Implementing Arrangements with its Chinese regulatory counterparts that outline commitments regarding inspections of food and drug facilities. After the signing of these arrangements, the Chinese government began issuing visas without delay to FDA staff members who will be posted in China. Nine such visas have been issued since the signing of the Implementing Arrangements. All of these visas have been processed and approved by China in the expected timeframe.

#### Genetically Modified Salmon

What is the status of the petition filed by Aquabounty Technologies to commercialize a genetically engineered salmon?

Response: FDA is reviewing a new animal drug application related to a genetically engineered Atlantic salmon. FDA released for public comment a draft environmental assessment and preliminary finding of no significant impact concerning potential environmental impacts of an approval of this application. FDA received approximately 38,000 comments. FDA is reviewing the comments, as well as other relevant data and information that have become available more recently. We cannot predict when we will reach a decision on this application.

What is the status of the FDA's review of potential labeling requirements for such fish?

Response: We would first like to note that the new animal drug application relevant to AquAdvantage Salmon is still under review by the agency.

During its public hearing on the labeling of food from AquAdvantage Salmon in 2010, FDA explained that in the event that the new animal drug application relevant to AquAdvantage Salmon is approved, FDA will evaluate all relevant data and information available to the agency within the context of FDA's legal authority to determine whether food from AquAdvantage Salmon requires additional labeling.

#### Antibiotics

Section 105 of the Animal Drug User Fee Amendments of 2008 requires the FDA to publically report annual sales and distribution of antibiotics for use in food producing animals. The drug makers must submit this data for the previous year to the FDA by March 31. When will the FDA make public the data for 2013 which was submitted almost a year ago?

Response:

- On April 10, 2015, FDA published its fifth annual report summarizing the sales and distribution data of antimicrobial drugs approved for use in food-producing animals for 2013. This summary report reflects sales and distribution information from the year prior to the FDA's issuance of final guidance for industry GFI #213 which outlines a strategy for promoting judicious use of medically-important antimicrobials in food-producing animals.

For more information, see:

<http://www.fda.gov/AnimalVeterinary/NewsEvents/CVMUpdates/ucm440585.htm>

What does FDA anticipate to be the impact of its judicious use plan for animal drug makers described in Guidance Documents #209 and #213.

Response:

- FDA is confident that implementation of the plan outlined in Guidance for Industry #213 will eliminate production uses of medically important antimicrobials and make veterinary oversight of the remaining therapeutic uses of these products in the feed or water of food-producing animals a requirement by December 2016. These

represent significant changes to how antimicrobial drugs have been used in animal agriculture for decades.

Specifically what level of reduction in antibiotic sales and distribution do you anticipate?

Response:

- FDA is confident that implementation of the changes outlined in Guidance for Industry (GFI) #213 will eliminate production uses of medically important antimicrobials and make veterinary oversight of the remaining therapeutic uses of these products in the feed or water of food-producing animals a requirement by December 2016.
- These changes are intended to align antibiotic use practices with the principles of judicious use. Judicious use of therapeutic antimicrobials is an integral part of good veterinary practice. It is an approach to maximize therapeutic efficacy and minimize selection of resistant microorganisms.
- FDA acknowledges the importance of assessing the impact of measures that are intended to combat antibiotic resistance. This includes having sufficient data to: (1) Assess the rate of adoption of changes outlined in the FDA's GFI #213; (2) help gauge the success of antibiotic stewardship efforts and guide their continued evolution and optimization; and (3) assess associations between antibiotic use practices and resistance.
- Although data on the quantity of antibiotics sold and distributed is important, FDA believes that such data alone is not sufficient for assessing progress on this issue. Therefore, FDA is collaborating with USDA and CDC to develop a plan for collecting additional on-farm data on antimicrobial use and resistance. As part of this collaboration, we are holding a public meeting in September in order to obtain input from the public. Such data are intended to supplement existing information, including data on the quantity of antimicrobials sold or distributed for use in food-producing animals (reported under section 105 of the Animal Drug User Fee Amendments of 2008) and data on antimicrobial resistance (e.g., collected under the National Antimicrobial Resistance Monitoring System and the National Animal Health Monitoring System). Data from multiple sources are needed to provide a comprehensive and science-based picture of antimicrobial drug use and resistance in animal agriculture.

What does FDA intend to do if the plan does not lead to reductions in antibiotic use?

Response:

- As noted above, although data on the quantity of antibiotics being sold is important, FDA believes that such data alone is not sufficient for fully assessing progress on this issue. Therefore, FDA is collaborating with USDA and CDC to develop a plan for collecting additional on-farm data on antimicrobial use and resistance. As part of this collaboration, we are holding a public meeting in September in order to obtain input from the public. Such data are intended to supplement existing

information, including data on the quantity of antimicrobials sold or distributed for use in food-producing animals (reported under section 105 of the Animal Drug User Fee Amendments of 2008) and data on antimicrobial resistance (e.g., collected under the National Antimicrobial Resistance Monitoring System and the National Animal Health Monitoring System). Data from multiple sources are needed to provide a comprehensive and science-based picture of antimicrobial drug use and resistance in animal agriculture.

- FDA acknowledges that combating antibiotic resistance requires an ongoing and sustained effort. FDA intends to use a science-based approach for assessing progress and for determining additional measures that may be needed.
- As stated in FDA's Guidance for Industry #213, FDA intends to evaluate the rate of adoption of the proposed changes across affected products. FDA will then consider further action as warranted in accordance with existing provisions of the FD&C Act for addressing matters related to the safety of approved new animal drugs.

Will FDA be setting targets for reductions in antibiotic usage, either overall or in animals, as part of the National Strategy for Combating Antibiotic-Resistant Bacteria (CARB)? If not, why not?

Response:

- On March 27, 2015 the White House released the National Action Plan for Combating Antibiotic-Resistant Bacteria (CARB), which outlines steps for implementing the National Strategy on Combating Antibiotic-Resistant Bacteria and addressing the policy recommendations of the President's Council of Advisors on Science and Technology (PCAST) report on Combating Antibiotic Resistance. The Action Plan includes National targets for combating antibiotic resistant bacteria.
  - For additional information, see: <https://www.whitehouse.gov/the-press-office/2015/03/27/fact-sheet-obama-administration-releases-national-action-plan-combat-ant>
- FDA Guidance for Industry #213 aims to eliminate production uses of medically important antimicrobials and require veterinary oversight of the remaining therapeutic uses of these products in the feed or water of food-producing animals by December 2016.
- As noted above, although data on the quantity of antibiotics being sold is an important metric, FDA believes that such data alone is not sufficient for fully assessing progress on this issue in animal agriculture settings. FDA is collaborating with USDA and CDC to develop a plan for collecting additional on-farm data on antimicrobial use and resistance. As part of this collaboration, we are holding a public meeting in September in order to obtain input from the public.

Several major poultry companies have taken the important step to stop using medically important antibiotics in their hatcheries. Since this use has been linked to resistant infections in humans will FDA through CARB take any steps to stop this use?

Response:

- FDA has taken a number of actions that have improved antibiotic stewardship in poultry production, including:
  - Prohibiting extralabel use of fluoroquinolones
  - Withdrawing the approval of enrofloxacin in poultry water
  - Prohibiting certain extralabel uses of cephalosporins
  - Initiating a strategy to bring the use of medically important antimicrobials in feed or water under veterinary oversight (which is also a target outcome under CARB)
- For additional information visit CVM's antimicrobial resistance website at: <http://www.fda.gov/AnimalVeterinary/SafetyHealth/AntimicrobialResistance/default.htm>
- FDA acknowledges that certain poultry producers have also taken steps to improve antibiotic stewardship on their own initiative.

Does FDA consider using medically important antibiotics to “maintain growth in the presence of disease” as an appropriate therapeutic indication or is “maintaining growth” like other growth and feed efficiency claims a production use that is inappropriate?

Response:

- Production uses are not directed at any specifically identified disease, but rather are expressly indicated and used for the purpose of enhancing the production of animal-derived products. FDA believes that production use indications such as “increased rate of weight gain” or “improved feed efficiency” are no longer appropriate for the approved conditions of use for medically important antimicrobial drugs. In contrast, FDA considers uses that are associated with the treatment, control, and prevention of specific diseases to be therapeutic uses that are necessary for assuring the health of food-producing animals.
- In the case of disease prevention, FDA believes it is important such use is appropriately targeted to animals at risk for a specific disease and the use duration is limited and risk-based. FDA has examined the approved labels for medically important antibiotics used in feed and water and has determined that, on approximately 30 percent of the labels, there is at least one use that does not specify how long the drug should be used. However, many of these products are not currently being marketed. Once changes under Guidance for Industry (GFI) #213 are fully implemented, FDA anticipates the number of products of concern will be fairly limited.
- FDA is continuing to analyze this issue and examine the specific animal health conditions that are associated with open-ended or long-term duration of use. FDA is particularly interested in whether alternative approaches could better manage such

conditions. This may include more targeted use of antibiotics based on labels revised to align with judicious use principles, alternative non-antibiotic therapeutic options, changes in management/production practices, or other interventions.

- Long-term or open-ended prevention uses are not covered by the phase-out process for production uses described in GFI #213. However, the National Action Plan for Combating Antibiotic-Resistant Bacteria calls for the identification and implementation of measures to foster stewardship of antibiotics in animals. FDA believes long-term or open-ended use of medically important antibiotics is a significant stewardship issue and intends to seek broad public input on this issue.

Does FDA believe that it is legal and/or appropriate to advertise the growth promoting and feed efficiency benefits of drugs that do not have an approved indication for growth promotion or feed efficiency?

Response:

- FDA believes that advertising production benefits of products that are approved solely for therapeutic uses for food-producing animals may establish a new intended use of that product. Moreover, even where such materials do not establish a new use, FDA is concerned that they may not further the goals expressed in FDA's guidances GFI #209 and GFI #213, which include: (1) limiting medically important antimicrobial drugs to uses in food-producing animals that are considered necessary for assuring animal health; and (2) limiting such drugs to uses in food-producing animals that include veterinary oversight or consultation. As part of the GFI #213 implementation process, we intend to look for ways to reinforce the importance of the principles of judicious and appropriate use, including engaging animal drug manufacturers on the appropriate use of promotional materials.

How does FDA intend to monitor and report on the impact of its judicious use plan on the use of antibiotics in food producing animals. Specifically how is FDA addressing the long recognized need for the collection of data on antibiotic use that is specific to the animal species and purpose of use?

Response:

- FDA acknowledges that a data collection plan is needed to obtain the additional information necessary to: (1) Assess the rate of adoption of changes outlined in the FDA's GFI #213; (2) help gauge the success of antibiotic stewardship efforts and guide their continued evolution and optimization; and (3) assess associations between antibiotic use practices and resistance.
- FDA is collaborating with USDA and CDC to develop a plan for collecting additional on-farm data on antimicrobial use and resistance. As part of this collaboration, we are holding a public meeting in September in order to obtain input from the public. Such data are intended to supplement existing information, including data on the quantity of antimicrobials sold or distributed for use in food-producing

animals (reported under section 105 of the Animal Drug User Fee Amendments of 2008) and data on antimicrobial resistance (e.g., collected under the National Antimicrobial Resistance Monitoring System and the National Animal Health Monitoring System). Data from multiple sources are needed to provide a comprehensive and science-based picture of antimicrobial drug use and resistance in animal agriculture.

#### Nutrition Facts Panel Proposed Rule:

I commend FDA for its thoughtful proposal to revise the Nutrition Facts Panel label, and in particular I appreciate the addition of a line for added sugars. Excessive refined sugar intake contributes to chronic diseases such as diabetes mellitus, cardiovascular disease, dental caries, and obesity. This is a critical advance for progress on public health, and I urge the FDA to maintain this requirement in its final rule. FDA indicated in its proposal that it was seeking a basis for a Daily Value for that new line on labels for added sugars. Just a few weeks ago, the report from the Dietary Guidelines Advisory Committee was published for public comment. After 18 months of reviewing the evidence, the scientific panel recommended a Daily Value for added sugars of no more than 10 percent of calories, which is 200 calories per day based on a 2000-calorie diet. Will FDA commit to reviewing the information in the expert panel report and using it as the basis for a Daily Value on all labels?

Response: On July 27, 2015, FDA published a supplemental proposed rule that proposed to require the declaration of added sugars, based on the recommendations and information in the *Dietary Guidelines for Americans* 2010 Policy Report and the “Scientific Report of the 2015 Dietary Guidelines Advisory Committee” (2015 DGAC report), and also including the recommendation to consume less than 10 percent of calories from added sugars. FDA is requesting comment on these proposed provisions; the comment period will close October 13, 2015. FDA will review and consider all comments when drafting the final rule and amending the regulations.

In addition, the Dietary Guidelines Advisory Committee sensibly recommended listing added sugars in teaspoons as well as grams, a development supported by many comments in the docket on the Nutrition Facts Panel from public health groups. Teaspoons are an intuitive measure of sugar for consumers, who use that for measuring sugar into coffee or tea, while grams are a “metric mystery” for most Americans. Will you honor this reasonable—even obvious—recommendation in the pending labeling rulemaking?

Response: The agency is considering all public comments submitted in response to the 2014 proposed rule on the units of measure for added sugars.

#### Characterizing Ingredient Labeling Authority

We all know that whole grains are healthier than processed or refined flour. But we have seen considerable consumer confusion created by misleading food labels and names, which obscure whether whole grains are a significant part of many grain-based foods. While many products have “multi-grain” or “whole-grain” in their names, you would have to be a very attentive label

reader to figure out that the percentage of whole grains in many of these products is minuscule. Some groups had called for mandatory disclosure of the percentage of whole grains in all grain products as part of the labeling revisions FDA is reviewing, but this was not mentioned in the agency's proposal.

What is FDA doing about this important public health problem?

In connection with this problem, I would like to quote from a section of your rules pertaining to FDA's general authority on food labels. 21 CFR section 102.5 (b) of the regulations states that: "The common or usual name of a food shall include the percentage(s) of any characterizing ingredient(s) or component(s) when the proportion of such ingredient(s) or component(s) in the food has a material bearing on price or consumer acceptance or when the labeling or the appearance of the food may otherwise create an erroneous impression that such ingredient(s) or component(s) is present in an amount greater than is actually the case." As I read this section, which seems clear enough, the FDA currently has a powerful tool to ensure that foods are not misleadingly labeled to seem healthier than they are. Some examples of this problem, in addition to the whole grains issue I just described, include so-called "fruit snacks" intended for children that contain very little or no actual fruit or "veggie chips" without much, if any, healthy vegetables in them. It seems to me that numerous products are misleadingly labeled so as to appear healthier than they really are.

Response: FDA has standards of identity for whole wheat bread, rolls, and buns, and for whole wheat macaroni products made from whole wheat flours. Currently, manufacturers can also make factual statements about whole grains on the label of their products, such as "100% whole grain" (as percentage labeling under 21 CFR 102.5(b)) or "10 grams of whole grains" (under 21 CFR 101.13(i)(3)) provided that the statements are not false or misleading and do not imply a particular level of the ingredient (i.e., manufacturers may not state "high in whole grains" or "excellent source of whole grains"). In February 2006, FDA issued a draft guidance on whole grain labeling statements, entitled "Draft Guidance for Industry and FDA Staff: Whole Grains Label Statements." The guidance gave manufacturers some assistance with what FDA considered appropriate for food label statements related to "whole grain" content to help consumers make dietary choices based on a term that is consistent and reliable. In 2014, FDA completed data collection for an experimental study on consumer understanding and responses to whole grain labeling statements on food packages (77 FR 11547, February 27, 2012). FDA plans to use the results of our consumer study along with comments on the draft guidance to develop a final guidance. We anticipate publishing that guidance on or before June 30, 2016.

What is FDA doing to enforce this provision in current law?

Response: We acknowledge the provisions in 21 CFR 102.5(b) and note that there appears to be increased interest in this regulation and FDA's enforcement of this regulation by interested stakeholders over the last few years. FDA takes false and misleading labeling seriously and agrees that a product label should accurately reflect

the product's contents. We evaluate labeling concerns on a case-by-case basis and take enforcement action as appropriate and consistent with other public health priorities.

What more can and should you do, given the public health implications?

Response: In recent years, labels have been brought to our attention where ingredients are highlighted on the front of the label, but, based on the ingredient statement, are present in the finished food in what appear to be small amounts. This type of labeling issue generally has not been an area of particular emphasis for us. (Our enforcement activities have been more focused on Nutrition Facts labeling, the labeling of allergens and other ingredients that cause food sensitivities and nutrient content and health claim labeling.) However, in light of the recent concerns that have been raised, FDA may need to reconsider our enforcement priorities in this area.

#### The Need for Front-of-Package Labeling on Foods

The FDA has sponsored consumer research on front-of-package nutrition labels, and three years ago the Institute of Medicine recommended that the FDA mandate a uniform national system of FOP labels. What has the FDA done on this issue since 2011, and when do you expect the FDA to propose a rule?

Response: FDA continues to consider how to address front of package (FOP) nutrition labeling. FDA has carefully reviewed the Institute of Medicine's (IOM) report on FOP nutrition rating systems and symbols. FDA has also reviewed various FOP labeling systems, such as the Grocery Manufacturers Association and the Food Marketing Institute's "Facts up Front" program and Walmart's "Great for You" program. FDA continues to stay informed about current FOP systems and criteria to ensure that they comply with the agency's labeling regulations.

Any FOP system should contain information that is consistent with the information included in the Nutrition Facts label so that the two are mutually reinforcing.

As you know, on March 3, 2014, FDA published two proposed rules to update the Nutrition Facts label and serving sizes, and on July 27, 2015, the agency published a supplemental proposed rule proposing additional revisions to the Nutrition Facts label. After FDA finalizes the two rules and evaluates the results of the industry systems, the agency will be in a better position to make decisions regarding FOP labeling. FDA will take into account the IOM's 2011 recommendations, consumer research, evaluation of existing industry systems, and public comment to inform its decisions concerning FOP labeling systems. Generally, FDA would favor an FOP system that is readily noticed, understood, reliable, and useful to a broad range of consumers.

#### Concerns Related to Ingredients that Are "Generally Recognized as Safe"

Following a lawsuit from the Center for Food Safety, FDA has committed to finalizing the rule for substances that are "generally recognized as safe," or GRAS. As the GAO documented in its

2010 report, the GRAS loophole has swallowed the law in general that Congress enacted to assure FDA's oversight of the safety of food additives. FDA should use this rulemaking to restore and clarify the limits of the GRAS exemption, and to create a system for meaningful public and agency oversight of all the substances added to the food supply, including those labeled GRAS by the food industry. FDA should also issue binding standards for conflicts of interest in GRAS determinations. Will FDA commit to real improvements to the rule and to limiting the applicability of GRAS?

Response: We would like to first point out that the characterization "...the GRAS loophole has swallowed the law..." was not in the Government Accountability Office (GAO) report, but rather in a report issued by a non-governmental consumer advocacy group.

In creating the pre-market review program for food additives in 1958, Congress excluded GRAS substances from the definition of food additives. The creation of this GRAS exclusion reflected Congress' determination that many substances intentionally added to food for a specific use do not need premarket review by FDA to ensure their safety, either because their safety has been established by a long history of use in food or because their safety has been established by information about substances that is generally available to, and accepted by, qualified experts, regarding an intended use. We are aware that some stakeholders believe that FDA should require that all GRAS conclusions be submitted to FDA for concurrence. The Federal Food, Drug, and Cosmetic Act (FD&C Act), however, includes no explicit requirements for submission or FDA review prior to market entry for substances that are GRAS for a particular use. In finalizing the GRAS rule, FDA will work within the framework of the legal authority pertaining to GRAS under the FD&C Act. We believe that by finalizing the rule, we will provide industry and consumers with greater clarity about the criteria for GRAS status and the GRAS notification procedure.

We are also aware that some stakeholders believe we should explicitly exempt from consideration as GRAS the use of new or "novel" substances; however, section 201(s) of the FD&C Act does not limit eligibility or exclude uses of substances from qualification as GRAS based on its history of use or other criteria. The GRAS criteria include a technical element, which addresses safety, and a common knowledge element, which addresses general recognition (i.e., the data and information needed to demonstrate safety are generally available to, and accepted by, qualified experts). For either a food additive or GRAS use, the technical element is the same and the same quantity and quality of data are needed to demonstrate safety. The common knowledge element, however, is unique to GRAS. Unless otherwise exempt from the definition of a food additive, whether there are limits to the applicability of GRAS status (that would cause an ingredient use to be classified as a food additive use) likely will depend on whether the common knowledge element can be met.

Regarding the issuance of "binding standards" for conflicts of interest in GRAS determinations, FDA has committed to publishing guidance on conflicts of interest for panels used to support the general recognition component of GRAS decisions.

In summary, in finalizing the GRAS rule, we intend to clarify the criteria for GRAS and establish the framework for our GRAS notification procedure. This will be done consistent with our legal authority under the FD&C Act. The GRAS notification procedure will enable all stakeholders to be aware of whether we have questioned the basis of a conclusion of GRAS status. As we stated in our response to GAO, regardless of whether the company notifies us of a conclusion of GRAS status, the company is responsible for compliance with the applicable statutes, including that for a substance to be GRAS there must be common knowledge among qualified experts that there is reasonable certainty that the substance is not harmful under the intended conditions of use.

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