

**AGRICULTURE, RURAL DEVELOPMENT, FOOD  
AND DRUG ADMINISTRATION, AND RELATED  
AGENCIES APPROPRIATIONS FOR 2019**

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**HEARINGS**  
BEFORE A  
SUBCOMMITTEE OF THE  
COMMITTEE ON APPROPRIATIONS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED FIFTEENTH CONGRESS  
SECOND SESSION

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

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NOTE: Under committee rules, Mr. Frelinghuysen, as chairman of the full committee, and Mrs. Lowey, as ranking minority member of the full committee, are authorized to sit as members of all subcommittees.

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**AGRICULTURE, RURAL DEVELOPMENT, FOOD  
AND DRUG ADMINISTRATION, AND RE-  
LATED AGENCIES APPROPRIATIONS FOR  
2019**

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WEDNESDAY, APRIL 18, 2018.

**DEPARTMENT OF AGRICULTURE**

**WITNESSES**

**HON. SONNY PERDUE, SECRETARY, DEPARTMENT OF AGRICULTURE  
DR. SETH MEYER, CHAIRMAN, WORLD AGRICULTURAL OUTLOOK  
BOARD, OFFICE OF THE CHIEF ECONOMIST, DEPARTMENT OF AGRICULTURE  
MRS. DIEM-LINH JONES, ACTING BUDGET OFFICER, DEPARTMENT OF  
AGRICULTURE**

**OPENING STATEMENT—MR. ADERHOLT**

Mr. ADERHOLT. The hearing will come to order. Good afternoon, everyone, and I want to welcome all of you to today's hearing. Our primary goal this afternoon is to examine the Department of Agriculture's fiscal year 2019 budget while also reviewing the use of funds past and present.

Our primary goal for this hearing is to examine the Department of Agriculture's fiscal year 2019 budget while also reviewing the use of funds past and present.

Our witnesses before us today is the Secretary of Agriculture, the Honorable Sonny Perdue. Welcome. Good to have you here. Also, you are joined by Dr. Seth Meyer of the Office of the Chief Economist. Welcome, Dr. Meyer. Good to have you here. And Acting Budget Officer Mrs. Diem-Linh Jones. Welcome. Good to have you here.

Before I delve into the budget request, I want to commend you, Mr. Secretary, for your leadership during your first year in office. Due to the Department's vast responsibility, the work of you and your employees at USDA have touched the lives of hundreds of millions of people in the United States and abroad in many different ways.

In particular, I want to express my appreciation to you for providing assistance to the producers of the cotton ginning cost-share program, for reducing regulatory burden on the agricultural sector by withdrawing the organic livestock and poultry rule as well as the GIPSA interim final rule. Those are all very important.

I also appreciate you providing schools with long-overdue flexibility, which is similar to the flexibility the annual appropriations process has provided in regard to whole grains, syndromes, and flavored milk requirements. I look forward to USDA issuing the final

rule on school nutrition standards so that schools have long-term relief.

During your first year in office, you have also had to assist producers, rural communities, those who are hungry as they faced extreme devastation brought by hurricanes, wildfires, and other natural disasters. And we appreciate you moving quickly to get food to those in need, working with States and territories to establish disaster SNAP programs.

We recognize you and the employees of USDA in implementing emergency disaster programs for producers, and assisting rural communities in the recovery.

Lastly, we look forward to the Department's plan on implementing the disaster assistance programs Congress provided in the last supplemental so that all producers and communities can receive financial relief.

We would also this afternoon recognize your actions and efforts toward streamlining certain functions of the Department, and engaging with customers and striving to improve service and hence engagement. As we learned in the last presidential election, many constituents voiced their frustration with the Federal Government.

You are clearly trying to repair and improve the relationship between the USDA employees and the customer, from the farmer and the rancher to the recipient of a housing loan or weak benefits. The change in processes and practices are part of the One USDA effort, will probably be uncomfortable to some, but sometimes change can be uncomfortable. But I feel that you are on the right track. The subcommittee will need to be kept abreast of the Department's actions and planned actions as it relates to those efforts.

And turning to your fiscal year 2019 budget request, as you are aware, it comes at a time where the rural economy, and particularly the agricultural economy, remains under a significant amount of stress. Given the concerns of rural Americans and upon initial review, there can be several elements of the budget that are somewhat difficult to support, to be honest.

While the subcommittee has always supported responsible investment, a 16 percent funding reduction from fiscal year 2017 and other presentations contained within the budget are a bit unrealistic, I think, to many of us. The Administration's use of a scalpel for several programs and the axe for other programs is what I think we find most concerning.

Popular programs with proven track records receive some of the steepest reductions or were right-out eliminated. Similar to last year, many in agriculture and rural America are likely to find little to celebrate within the budget request.

Whether items in the budget are true policy positions or mere budget gimmicks, I look forward to listening to your thoughts and your rationales on some of these reductions, especially given the challenges that are facing the farm economy and rural America.

As we conduct our oversight responsibilities and craft the agriculture appropriations bill for fiscal year 2019, I want to outline what I see as my goals for this subcommittee, and I think all the members of this subcommittee would also agree.

The first goal is to bolster prosperity and economic well-being in rural America and also in the farm economy. The second is to con-

duct fair and transparent oversight of agency activities and public relations. The third is to promote economic growth through effective and efficient regulation and the minimization of regulatory overreach. And last but not least is to protect the health and the safety of people, plants, and animals.

As we move forward, we will use these goals to guide as we consider the budget requests that inadequately fund all the critical programs. We will find resolutions to effectively meet the needs of rural Americans, including but not limited to IT infrastructure needed by farmers, effective common-sense regulation that does not create barriers to economic prosperity, and investments in critical infrastructure.

Simply put, our objective is to create a spending bill that is fiscally responsible, reflecting the needs of the American people while protecting the future of American agriculture.

Part of USDA's budget requests that are concerning include, and certainly not limited to, a nearly \$300 million reduction in research activities. And we will follow up with some questions on that. But agricultural research is critical to our ability to continue to feed a growing population and also to compete internationally.

Over \$3 billion in program-level reductions in rural development programs, including the elimination of the Rural Business Service, which provides economic support for rural communities, and the elimination of the water and waste disposal grant program, that provides small communities access to clean and safe drinking water is also concerning.

The budget request also proposes major changes to the SNAP program, a discussion better suited probably for the farm bill, and a termination of the international food aid programs, funded at over \$2 billion in fiscal year 2017, including the Food for Progress account.

I am especially concerned about the major changes proposed to crop insurance and marketing loan programs, including the elimination of cotton marketing certificates, something that I and many of my colleagues have worked hard to include in the fiscal year 2016 omnibus.

The budget request includes proposals that would reduce crop insurance funding by nearly \$30 billion over a 10-year period despite continuing decline in net farm income of 56 percent from its recent high of \$123.3 billion in 2013. Farmers continue to experience tough economic times and with sharply decreasing crop prices and also a number of natural disasters.

Not only does the budget include sharp reductions for several programs, it makes numerous assumptions about staff reductions that could be premature. For example, if we reduce the size of field staff, we had better make sure that the IT systems are accessible and productive and comparable service is in place to support our farmers, ranchers, and rural residents.

If such staffing reductions were to occur, it would seemingly make adequate operation, management, and oversight of USDA programs challenging without improvements made in delivery services. We share the same vision of a smaller government, but we need to achieve the goal in somewhat much less drastic measures.

The aforementioned items are just a scratch to the surface of the issues that we will probably touch on today in the hearings. As a subcommittee, we must analyze the request. We have to focus on allocating funds using the goals that I have outlined just a minute ago to the most effective, highest priority programs.

But again, we appreciate your service to our country, and especially into the ag sector. And thank you for being here today.

And with that, I would like to recognize the distinguished ranking member, a fellow Georgian, Mr. Bishop, for any opening remarks that he has.

#### OPENING STATEMENT—MR. BISHOP

Mr. BISHOP. Thank you, Mr. Chairman, and welcome, Mr. Secretary.

Mr. Chairman, it gives me great pleasure to welcome Secretary Perdue before the subcommittee today. Having worked with the Secretary in his various capacities, as a State senator, as the Governor of Georgia, over the last year as Secretary of the Department of Agriculture, I know firsthand of his professionalism and his passion for rural America.

I believe that the cooperative relationship that we developed over the years has proven to be a great asset as we work together to ensure that our farmers, ranchers, foresters, agribusinesses, and consumers have the resources they need to prosper in today's competitive and global environment, not to mention having the resources to weather the unprecedented storms and other disasters our Nation has been through in the last year. I have a lot of respect for the Secretary, and I know that he is uniquely familiar with the importance of supporting farmers, ranchers, producers, and consumers.

I would like to associate myself with the remarks of the chairman, Chairman Aderholt, as he chronicled many of the accomplishments of your first year, Mr. Secretary, particularly as it relates to cotton, the disaster relief, the tree program for our pecan farmers, as well as the goals that he has set forth for our subcommittee.

But before going further, I want to specifically recognize USDA's regionalization agreement with South Korea and USDA's work to open Argentina's border to U.S. pork. These efforts help our farmers while also strengthening our relationship with important allies.

I thank the Secretary for his leadership on these issues, and I look forward to working with you, Mr. Secretary, to ensure that our farmers and ranchers remain globally competitive.

As many of you have heard me boast about before, Georgia is a major agriculture State, with 42,000 farms, 9.6 million acres of farm land, of which 2.5 million are in my district. Agriculture contributes \$71 billion annually to our State and our national economy, and Georgia is the number one State for the production of poultry, peanuts, pecans, blueberries, and privately-owned timberlands.

My district specifically leads the State in peanuts, cotton, pecans, fruits, and vegetables, as well as family-owned timberlands. Chairman, I would hope we will see how this following season fares for all of us, but I understand Georgia is nipping at number one for cotton.

More importantly, of the 29 counties that I represent, 26 of those counties are rural, with average populations between 10,000 to 15,000 people. These counties are some of the most economically challenged counties in the State and in the Nation, meaning they face severe challenges in healthcare, nutrition, rural housing, utilities, broadband, and economic development, one of the more pressing issues being a lack of grocery stores in my district.

In fact, we recently learned that 19 grocery stores are about to close in Georgia, nine of them in my district. Alarming, three counties in my district have no grocery store at all. I believe we need a new, robust strategy to solve the issue of food deserts in America, and I am very supportive of the healthy food financing initiative funded partly by this subcommittee.

Agencies under our jurisdiction, especially USDA, are uniquely positioned to solve this problem. It is important that these agencies are well-funded, and that is why we are here today.

Mr. Secretary, last April the President appointed you chair of an interagency task force on agriculture and rural prosperity. The purpose of the task force was to identify legislative, regulatory, and policy changes to promote agriculture, economic development, job growth, infrastructure improvements, technical innovation, energy security, and quality of life in rural America. In October, you issued your first report.

In response to the President's call to action to promote agriculture and rural prosperity in America, the task force envisioned a rural America with world-class resources, tools, and support to build robust, sustainable communities for generations to come, to ensure that you set the right priorities. You and members of the task force met with stakeholders and held listening sessions to hear directly from the communities that comprise rural America. I want to commend you for this extraordinary and exhaustive effort.

In close collaboration with local, State, and Tribal leaders, more than 21 Federal agencies, offices, and executive departments identified over 100 actions the Federal Government should consider undertaking in order to achieve this vision.

You organized these recommendations around five key indicators of rural prosperity: e-connectivity, quality of life, rural workforce, technological innovative, and economic development. I enjoyed and was very pleased reading the report, and I share the great vision you have for a prosperous rural America for generations to come. I look forward to working with you and the chairman and the subcommittee to ensure these recommendations become reality.

But Mr. Secretary, you said that you support programs to fund agriculture research, develop infrastructure in rural communities, and to help landowners preserve soil and water quality. So do we. And that is why I was severely disappointed to see that all of these programs face cuts under the budget submitted by OMB for USDA.

In fact, overall this budget cuts the USDA by 32 percent below the fiscal year 2018 omnibus. And I understand that OMB is planning a rescission package to reduce that dramatically. Many of the cuts that had bipartisan opposition last year are repeated again this year—cuts to Water and Wastewater Disposal Grants, school meals and equipment grants, Food for Peace, McGovern-Dole, and single-family housing direct loans.

And there are new eliminations this year—for Community Facilities Grants, the Commodity Supplemental Food Program, and the Watershed and Flood Prevention Program. These and other programs are of vital importance to my constituents and to people around the country. And I have to be brutally frank and honest and say that I am disappointed in the funding levels that are being requested.

Mr. Chairman, Mr. Secretary, I am deeply concerned about the impact of these proposed cuts on the Department and on the Nation as a whole. We are duty-bound to uphold the laws of this country, and that includes promoting the welfare of its people. To me, that means we are to feed and clothe our citizens by using sound, scientific best practices to ensure a safe and abundant supply.

USDA is the Department to do that. But how can that happen with a 12 percent cut in the Agricultural Research Service? How can we do that with the proposed budget that zeroes out the Watershed and Flood Prevention program account, and Water and Wastewater Disposal Grants? And how can we do that with a 10 percent cut to the critical staff around the country who carry out the rural development programs?

There is also a 21 percent cut proposed in the Animal and Plant Health Inspection Service. This is a far larger cut for this area than those that have been proposed in previous budgets. And again, I am troubled by the proposed zeroing out of the Food for Peace and McGovern-Dole programs.

I feel compelled to mention that there are 15 legislative proposals related to the Supplemental Nutrition Assistance Program, otherwise known as SNAP or food stamps. One of the most egregious is to convert almost half of the funding of the EBT payments that SNAP beneficiaries receive to actual food boxes or packages, which is estimated to save \$129 billion over 10 years.

However, it seems not enough thought has been given to how these boxes will be delivered, and the severe logistical challenges, including security. So I wonder if that number will hold up.

Also, as it is currently conceived, there will be no fresh fruit or vegetables in these boxes, and virtually all of my colleagues are strongly opposed to this wrongheaded attempt to save money. And I have significant concerns over the logistics of the program and its ability to cater to individualized nutritional and health requirements.

Furthermore, restricting food choice would take away business from local grocery stores, which are already too few in number, and further contribute to the prevalence of food deserts in rural communities and low-income urban communities all across America.

Mr. Secretary, I believe that you are honestly trying to bring positive changes to USDA. We are always looking for ways to do things more efficiently. My concern is that the Administration has not asked for appropriate resources and staffing. I want to ensure that the resources this subcommittee provides are used correctly and efficiently, and that the USDA has the necessary resources to successfully carry out its mission.

There are limits, however, to doing more with less. And it appears that in the Administration's haste to make good on one promise, they have now told the American public that they expect



less with less. OMB is still trying to squeeze blood from a turnip, as I said last year, and it is still not working.

You said that you will make rural America a priority, and I believe that you want to do that. However, we both know that this budget does the exact opposite of fulfilling that promise. I pledge to do my best to work with you, Chairman Aderholt, and our subcommittee to see that that promise is fulfilled.

I guess you can see we have a lot to discuss. But I thank you, Mr. Chairman, for the opportunity to welcome the Secretary with some brief concerns. I yield back.

Mr. ADERHOLT. Thank you.

We are privileged to have the full committee chairman today with us, Mr. Frelinghuysen. I would like to recognize him.

#### OPENING STATEMENT—MR. FRELINGHUYSEN

The CHAIRMAN. Thank you, Mr. Chairman. And thank you for your strong leadership of this subcommittee, ably assisted by your ranking member, Mr. Sanford Bishop of the great State of Georgia.

I also want to welcome Secretary Perdue to the Appropriations Committee again, and we look forward to your testimony and hearing your frank and candid views. And we always appreciate your stopping by my office. There are a few secretaries that have yet to find my office, but I know that you were one who did, and you are a class act.

And furthermore, I suspect maybe your second or third visit had to do with the bowl of M&Ms we have in our office, which is what we call a good New Jersey product. Thank you very much.

As I say, Mr. Secretary, at every meeting, the power of the purse lies in this building, and it is the constitutional duty of Congress to make spending decisions on behalf of the people we represent at home. And it is my pleasure to work very closely with Ms. Lowey. We did on the recent omni.

I think we did some good things for cotton farmers. I learned more about cotton in the last 12 months than I ever knew about cotton. Seventeen States, I think grow it. But I want to thank Chairman Aderholt and the cotton world for educating me in how important it was that we include some good language and direction in our recently-passed omni.

Conservation and farm programs administered by your Department are instrumental in promoting agricultural production around the country, including in New Jersey, what we call suburban America. We are known as the Garden State. We are homes to many farms and farmer's markets.

And may I say that Haddonfield, New Jersey, is known as the Blueberry Capital of the World. I am not sure what they are doing down in Georgia, but we claim the capital. We also obviously claim cranberries as well and tomatoes because it used to be—it still is—home to many of those things that goes into Campbell's Soup.

The last couple things I would say is that the focus is on trade, focus on what is going on with steel and aluminum. I am not a great believer in trade wars, and I am concerned, as a citizen, that many of the people who—I come from the school no farmers, no food. A lot of the things that we are reading in the newspaper here are going to disadvantage a lot of our agricultural basis.

As a citizen, I am concerned about the future of a lot of different markets. I may not have a lot of expertise, but I am sympathetic to some of the trials and tribulations that many of these good people face each and every day when they walk out of their house and till the fields and look after their crops.

And the last thing I would like to do, Mr. Chairman, is put a plug in for the great work of Dr. Richard Olsen at the National Arboretum outside the city here. Sometimes they mix up the Arboretum with the Botanic Garden, which is right at the foot of Capitol Hill.

Dr. Olsen and his crew, aided by Friends of the National Arboretum, and I know you are familiar with the good 400 acres down there outside on the Anacostia side, they do some remarkably great things. I am here to boost their spirits and hope that you will always hold them close to your heart.

With that, Mr. Chairman, I yield back the balance of my time.

Mr. ADERHOLT. We are also privileged to have the ranking member for the full committee, Mrs. Lowey. Glad to have you here today. If you would like to make some opening remarks.

#### OPENING STATEMENT—MRS. LOWEY

Mrs. LOWEY. Thank you very much. And I want to thank you, Chairman Aderholt and ranking member Bishop, for holding this hearing. And it is always a pleasure for me to be here with Chairman Frelinghuysen. We have put our roller skates on, and we are managing to travel from hearing to hearing. But this is a very important hearing, and Mr. Secretary, it is a pleasure for me to welcome you today.

Last year I expressed my frustration that your budget would leave more Americans hungry and increase hunger and insecurity around the world. Frankly, this year's budget is worse. It doubles down on harmful cuts and, frankly, adds condescending proposals that disrespect American citizens.

While I was very pleased that summer EBT and other school meal programs were requested, your budget would cut the USDA budget by 32 percent; threaten the ability of some poor rural communities to access clean drinking water; jeopardize SNAP benefits for 46 million Americans; reduce nutritional foods for women, infants, and children; eliminate Food for Peace and McGovern-Dole, which feeds vulnerable children across the globe. But that is not all.

Perhaps most surprising is this bit of hypocrisy my Republican friends repeatedly say—that bureaucrats in Washington should not be making decisions for families, that families should be making these decisions for themselves. So you can imagine my surprise with the Administration's proposal to replace about half of SNAP benefits with box of nonperishable food.

I would not want to have to depend upon a box of nonperishable for feeding my family. To me, it was so condescending, a take it or leave it approach, without regard to the nutritional needs and preferences of American families.

Let's get a few things clear about SNAP. Recipients are less hungry, are less likely to take sick days, even spend less on healthcare compared to others, and studies have even shown that children

who receive SNAP are more likely to graduate from high school and be self-sufficient adults.

SNAP benefits work out to about \$4.20 a day. Now, I am not going to poll my friends on both sides of the aisle, but \$4.20 a day? Mr. Secretary, I wonder if you and your family ever spent a week trying to live on \$4.20 a day.

So I think it is important that we are honest with each other about this proposal. It is just a mean way to hit Americans who need a hand up, not a handout. And you know, I believe this from the bottom of my heart. In New York years ago I worked on several of the anti-poverty programs. And people really do want a hand up, not a handout.

So Secretary Perdue, as I mentioned last year, I find it hard to believe that you will tout this budget to the men and women you used to represent in Georgia. I am sure you are not traveling around the District and talking about this budget.

So I look forward to your testimony. I know you really care about these issues. You have a distinguished career. And I hope that we can get together in a bipartisan way with the good men and women of this subcommittee and improve this budget. Thank you so much for being here. We appreciate hearing from you.

Mr. ADERHOLT. Thank you, Mrs. Lowey.

Secretary Perdue, without objection, your entire written testimony will be included in the record. And at this time, I would like to recognize you for any comments you would like to make, and then we will proceed with questions.

#### OPENING STATEMENT—SECRETARY PERDUE

Secretary PERDUE. Well, thank you, Mr. Chairman and ranking member Bishop and Mr. Chairman and ranking member Mrs. Lowey, for the opportunity to be with you today.

First of all, I want to thank you all for the compliments that you have talked about with our passion and our concern and our desire to do well for the American people as well as American agriculture. You were very kind in those remarks, and also very articulate in some of your concerns regarding the budget, frankly, some of which I share. And we will have a conversation about them today and talking about that.

Mrs. Lowey, I particularly look forward to explaining our plans regarding the Harvest Box idea, some of which received rather negative press, and the fact that we were not able to explain that ahead of time with the timing there. But I look forward to describing those things as our vision for how we can do a nutritious program in that regard. But thank you for your concerns.

I am going to be relatively brief because I think most of the time should be reserved for your members, Mr. Chairman, to inquire and to ask questions with their comments. And we will be happy to respond to all those.

Almost 10 days short of a year in office, we have visited 35 States and your constituents. And we hope to get to all of them. Have not been to the Garden State yet, Mr. Chairman, but we hope to get there. We will be there soon. But we understand the number of farms are growing. The farm-to-table is very aggressive there.

I would be remiss if I did not thank this subcommittee for the supplemental disaster program, which will help our ag constituents and producers primarily recover from the devastating hurricanes that Mr. Rooney's district and others underwent this last year in many severe ways.

We are working diligently over designing a program hopefully that will be announced, I am hoping, next week. We have pressed our people and our team repeatedly over the weeks. I have told them that many times I have seen disaster programs in the past; by the time the producers receive the money, they have forgotten what the disaster was about. So we are hoping to move out very quickly in that area, and I will be happy to answer any questions specifically about that.

I also want to thank you all for the omnibus which, again, backfilled many of those deficiencies you all enumerated last year. And we are going to commit to you to use that money wisely. It gives us some certainty regarding staffing. We are undergoing strategic staffing efforts in every mission area, all eight missions there. So we will have some better information for you with certainty and budgeting in that regard over our plans for serving your constituents in each and every State.

So I want to thank you for the opportunity to appear with you today here. You mentioned broadband and a lot of other concerns. And certainly, Mr. Chairman, you mentioned the anxiety that is currently in the whole ag community regarding trade disputes and things like that.

Agricultural producers know that they are always the tip of the spear because they are more successful and productive in their work than most anyone. When it comes to a trade dispute, they are there, the tip of the spear. I am thankful that President Bush [sic] has indicated that he does not plan for our agricultural producers to be the only casualties or the casualties in this war, and we will have to plan on how to do that.

Once again, my thanks, Mr. Chairman and this subcommittee, over giving us the flexibility. We may need to use all the authorities residing in the USDA budget to help out if it comes to that. We are hopeful that the negotiations will be successful, and we are hoping that that will be productive.

You mentioned Argentina. You mentioned Korea. And we have some successes over this last year, but there are more to come. And we are hopeful that we can see the success there; and these trade disputes and the saber rattling be just that, get to the negotiating table and stop the unfair trade practices we have seen, particularly from China and many areas that we can again utilize as a huge market for our agricultural producers.

So with those comments, I want to thank you again for the opportunity, and I look forward to addressing any of the comments, questions, that you may have in, I think someone said, a frank, transparent, and honest way.

[The prepared statement of Secretary Perdue follows:]

**Statement by  
Sonny Perdue  
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**

Mr. Chairman and distinguished members of this Subcommittee, I appreciate the opportunity to appear before you to discuss the President's 2019 budget for the Department of Agriculture (USDA). Joining me today are Seth Meyer, Chairman of the World Agricultural Outlook Board, and Diem-Linh Jones, USDA's Acting Budget Officer.

**A Productive Year**

When I first appeared before this Subcommittee almost a year ago, I presented my vision for agriculture and laid out my goals for making the Department of Agriculture the best run Department in the Federal Government. Since then we have set out to give the men and women of America's agricultural and agribusiness sector every opportunity to prosper.

Today, USDA is in a better position to support agricultural producers, while providing increased accountability to American taxpayers. Through the OneUSDA call to action, we are establishing a new operating model for USDA to better serve its customers. As a result, we are modernizing USDA operations and service delivery; reducing burdens on our stakeholders; serving customers; and ensuring responsible use of the Department's resources.

The newly established Farm Production and Conservation (FPAC) Mission Area, comprised of the Farm Service Agency, Risk Management Agency, and the Natural Resources Conservation Service, has put a stronger focus on domestic agricultural issues. Through this organization, USDA supported an effective safety net for the more than two

million agricultural producers who provide food and fiber to over 300 million Americans, and millions more around the globe. In response to Hurricanes Harvey, Irma and Maria, thousands of FPAC staff were deployed across hurricane-stricken regions to provide timely assistance through various emergency conservation, clean-up, and indemnity programs while authorizing additional time flexibility for reporting losses and completing requests for assistance. In addition, our employees assisted Puerto Rico with a one-of-a-kind program that provided feed for dairy cattle to prevent herd losses, following virtually complete destruction of feed sources across the island.

To reduce redundancies and improve operations within the FPAC mission area, we have created an FPAC Business Center to centralize administrative and information technology operations for the three FPAC agencies. This will strengthen customer service and capitalize on efficiencies across the Mission Area. In addition, we are making it easier for producers to interact with FPAC employees through the introduction of Farmers.gov. When fully operational, this website will provide producers the ability to leverage FPAC resources and enroll in our programs. We will continue to improve our systems to make us more responsive to their needs so we can optimize the time we spend with producers in our county offices.

Since the day he took office as USDA's first Under Secretary for Trade and Foreign Agricultural Affairs, Ted McKinney has been circling the globe, promoting U.S. agricultural products and engaging with foreign government counterparts to break down barriers to U.S. exports. I said he'd be our "million mile flyer" and he's already getting close to hitting that mark. In just over 6 months on the job, he has covered 9 countries – India (twice), Colombia, Panama, Brazil, Mexico, Belgium, the United Kingdom, the United Arab Emirates and, most recently, Japan – advancing our policy interests and promoting our

products. The trade missions to India and Guatemala he led will generate more than \$30 million in projected 12-month sales for the U.S. agribusinesses that took part. International trade continues to be an engine for economic growth in rural America, with U.S. farm and food exports reaching \$140.5 billion for 2017, the third-highest total on record. USDA has worked to find, open, and expand markets for the high-quality food, fuel, and fiber that our farmers and ranchers produce. We are leaving no stone unturned as we work to enter into trade agreements that will benefit American agricultural producers.

China is a key market for U.S. agriculture, but China's unfair trade policies, including for agriculture, have undermined fair trade and the global trading system. The President is taking steps to address those policies. We will also respond to China's unjustified threats to retaliate against U.S. farmers. America's farmers, ranchers, foresters, and producers are the ones who feed, fuel, and clothe this nation and the rest of the world and the Administration stands ready to defend agricultural producers who may be harmed. As we take a stronger approach to the way we handle trade as a nation, President Trump has directed me to use all of my authorities to ensure that we protect and preserve our agricultural interests.

The creation of the Assistant to the Secretary for Rural Development recognizes that the economic health of small towns across America is crucial to the future of the agricultural economy. It is our responsibility to use our resources and expertise to work with these communities to achieve a higher quality of life for the 46 million people living in rural America. In 2017, USDA made significant investments in rural infrastructure, including telecommunications, e-connectivity, water and sewer systems, and critical community facilities that have improved educational, health, and economic opportunities for rural residents. These vital services are part of the foundation of a high quality of life and provide

support to rural communities in designing and building solutions based on their own specific needs and strengths.

The Food, Nutrition, and Consumer Services mission area has announced several new initiatives. We are seeking ideas to promote work and self-sufficiency among able-bodied adults participating in the Department's Supplemental Nutrition Assistance Program (SNAP). We intend to use the input to find improvements to SNAP policy and related services that can best assist SNAP participants return to self-sufficiency. USDA will continue to build state capacity for workforce development through the SNAP to Skills Initiative and the Employment and Training Work Academy. The School Meal Flexibility rule has provided local food service professionals the flexibility they need to serve wholesome, nutritious, and tasty meals in schools across the nation. Additionally, we continue to pursue efforts to provide states and school districts with additional flexibility and support to operate more efficient school meal programs. Recently, we announced a proposal to provide much-needed relief for school districts with less than 2,500 students, allowing them more flexibility in the hiring of new school nutrition program directors. To support states' efforts to improve program integrity, USDA also rolled out a suite of customizable resources to help local school districts improve the accuracy of their school meal application processes.

For the first time, the USDA and Department of Health and Human Services are seeking comments on the proposed priority topics and supporting scientific questions that will guide the development of the upcoming 2020-2025 edition of the Dietary Guidelines for Americans (DGA). This new public comment stage at the beginning of the DGA development process will help maintain the integrity of the process and ensure transparency in communicating the topics that meet the priorities of federal nutrition programs. Through



these and other actions, USDA has improved customer service across all the mission areas of the Department. We successfully eradicated New World screwworm after the first detection in the U.S. in 35 years, established the necessary workforce to quickly respond to animal health emergencies, and reduced sanitary and phytosanitary barriers to trade. In 2017, these latter efforts helped preserve trade valued at \$7.5 billion through resolution of foreign market access issues related to U.S. export detainment, technical barriers to trade, and other impediments to trade.

We have maintained our critical responsibility for ensuring that America's food supply is safe, while allowing establishments to be as efficient and effective as possible. Improving the effectiveness of inspection makes better use of the agency's resources by allowing a greater focus on process control and offline food safety activities as well as removes unnecessary regulatory obstacles to innovation. Regulatory changes we are proposing will improve inspection processes and allow for more rapid adoption of food safety technologies, while achieving a high level of food safety. Our cutting-edge research program has led to improved productivity and competitiveness, while improving crop quality, nutritional value, and food safety.

In addition, the Forest Service responded to an extreme fire season. In coordination with other federal, state and local, agencies, over 28,000 personnel, including nearly 10,000 Forest Service personnel, were supporting fire suppression activities. At the peak of Western fire season, there were nearly three times as many total uncontained large fires on the landscape as compared to the five-year average. USDA appreciates the work of Congress to include a bipartisan fix to address funding for fighting wildfires in the 2018 Consolidated Appropriations Act. This solution will allow us to focus on increasing the pace and scale in

the many non-fire-related programs we manage. It will enable us to improve overall forest health and keep wildfires from threatening lives, homes, and communities.

We have a strong plan in place to ensure we continue to improve our service to rural America. On my first day in office, President Trump signed an Executive Order, directing me to lead the Interagency Task Force on Agriculture and Rural Prosperity. On January 8, 2018, we released the findings of the Task Force. The report is the result of an intensive six-month effort made by 22 Federal agencies in partnership with state, local, and tribal leaders. The recommendations centered on five areas: e-connectivity, quality of life, rural workforce, technology, and economic development. To ensure that the findings of this report have a meaningful impact on rural America, we are moving forward to implement the initial recommendations and to expand stakeholder participation. We are working closely with the White House so that we can move forward together in making a lasting impact in rural America.

While the Task Force worked tirelessly to identify solutions to the problems plaguing our rural communities, there is more work ahead. No doubt, rural America has struggled under burdensome regulations, but this Administration is taking aggressive action to reduce confusing, burdensome regulations that impair productivity, and USDA is not an exception. As we visit with producers and rural residents in the coming year, we will continue to listen intently and communicate to our federal partners if there are regulations that are unfair or overly burdensome. Whether it is duplicative paperwork or unneeded process requirements, we want to hear about it. At the President's direction, regulatory reform is one of the cornerstones of the Department's strategies for creating a culture of consistent, efficient service to customers, while reducing burdens and improving efficiency.

USDA has identified 27 final rules that will be completed in fiscal year 2018 and result in over \$56 million in annual savings.

We are strengthening our work with our interagency partners in furtherance of these efforts. At USDA, we are driving interagency coordination to ensure that we can address the challenges that affect our stakeholders, whether they are under our jurisdiction or beyond. For example, we recently signed an agreement with the Food and Drug Administration aimed at making the oversight of food more efficient and effective by bolstering our coordination. The formal agreement outlines efforts to increase interagency collaboration, efficiency and effectiveness on produce safety and biotechnology activities, while providing clarity to manufacturers. We also are working closely with the Environmental Protection Agency, Department of the Interior and other Federal partners to coordinate on issues such as pesticides, endangered species, Federal land management and other cross-cutting issues.

President Trump has made it a priority to rebuild our infrastructure since the day he took office and he has followed through on that commitment. Under the President's infrastructure plan, rural America would receive a much-needed boost in investment. With a quarter of the new Federal money heading to rural parts of the country, states will have the ability to expand broadband access, increase connectivity, rebuild roads, and supply affordable utilities. Importantly, states will have the flexibility to choose which projects will best meet their unique needs. In my travels across the country, I have heard from the people in the Heartland, and the overwhelming view is that this is just the type of investment they are looking for to help create jobs, improve education, improve the quality of life, and increase overall prosperity.

**2019 President's Budget**

I am here today to present to you the Administration's Budget for the Department. The President's Budget for 2019 for USDA programs within this Subcommittee is about \$134 billion, of which approximately \$120 billion is mandatory funding and \$14 billion is net discretionary funding. The Budget includes mandatory funds to fully support estimated participation levels for SNAP and Child Nutrition programs, and discretionary funds to fully serve the expected participation level in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). It includes the funding needed to meet our responsibility for providing inspection services to the Nation's meat and poultry establishments. The Budget focuses on core mission-critical activities, such as expansion of agricultural production jobs and research, while also supporting the Department-wide reorganization efforts. The Budget demonstrates fiscal constraint and responsible use of taxpayer resources.

The Budget provides resources to help agricultural operations prosper, fulfilling their mission to feed, fuel, and clothe the world. Funding is requested to support over \$7 billion in direct and guaranteed farm loans for over 46,000 producers. It provides over \$1 billion for the Animal and Plant Health Inspection Service to promote the health of animal and plant resources and facilitate their movement in the global marketplace. For agricultural research and extension activities, it requests a total of \$2.6 billion, including \$375 million for competitive grants through the Agriculture and Food Research Initiative. The Budget includes \$42 million to transfer operational responsibilities for the National Bio- and Agro-Defense Facility from the Department of Homeland Security to the USDA. This proposal will more effectively align missions and facilities protecting our Nation's food supply within

the Cabinet Department that houses some of the world's preeminent expertise in animal disease research and diagnostics.

The Budget continues to support USDA's efforts to promote American agricultural exports, develop international standards, remove trade barriers by monitoring and enforcing existing trade agreements, and negotiate new trade agreements that benefit the U.S. agricultural economy. Funding is increased to strengthen monitoring and enforcement of existing trade agreements, which will help maintain \$140 billion in agricultural trade. Funding is also requested to address barriers to preserve or expand trade valued at \$4.5 billion through resolution of foreign market access issues. To facilitate exports to buyers in countries that may not have access to adequate commercial credit, the Budget includes a program level of \$5.5 billion for CCC Export Guarantee Programs to provide guarantees.

The Budget proposes to leverage over \$36.6 billion in Federal funds to stimulate public-private partnerships needed to build rural infrastructure including broadband, community facilities, safe and affordable housing, health services and facilities, and provide capacity-building to help underserved communities become thriving communities. This includes \$1.2 billion to improve water and wastewater services for 1.5 million rural residents and \$3.5 billion to provide access to improved community facilities for over 5 million rural residents. The budget provides \$24 billion to lenders in providing 164,000 low- to moderate-income households the opportunity to own their primary residence through the single family housing guaranteed loan program. The budget also includes \$1.3 billion to fully fund multi-family rental assistance grants for about 274,000 contracts. This funding is in addition to the President's infrastructure proposal.

The Budget provides the resources necessary to ensure USDA programs are delivered efficiently, effectively, and with integrity and a focus on customer service. It

invests \$15 million in IT modernization projects to support customer engagement. This includes the initiative I previously mentioned to establish a “customer portal” that will allow farmers and ranchers to more easily access USDA services. It also provides \$8 million to enhance the Department’s cyber security capabilities through the acquisition and implementation of tools and services needed to enhance the safety and security of customer data and government networks.

The 2019 President’s Budget includes a number of legislative proposals that produce savings to reduce the deficit. The proposed legislation would generate savings of \$272 billion over ten years compared to current baseline spending. The Budget proposes to optimize and improve crop insurance and commodity programs in a way that maintains a strong farm safety net. The Budget does this by eliminating subsidies to higher income farmers and reducing overly generous crop insurance premium subsidies to farmers and payments made to private sector insurance companies. The Budget also includes proposals to streamline Federal conservation efforts to focus on programs that protect environmentally sensitive land and increase conservation practice implementation.

The Budget supports a foundational principle that those that need assistance have access to wholesome and healthy foods. The “USDA America’s Harvest Box” initiative—an innovative approach to providing nutritious food to participants in SNAP that combines the traditional retail based benefit with a package of 100-percent U.S. grown and produced wholesome food staples – and all of it would be home grown by American farmers and producers. It maintains the same level of food value as SNAP participants currently receive, provides states flexibility in administering the program, and is responsible to the taxpayers. States would have substantial flexibility to distribute these food benefits to participants through existing infrastructure and public-private partnerships, or States could choose to

deliver directly to residences through retailers or commercial delivery services. Both rural states and urban areas with food access issues have shown interest in direct delivery options. We are also hearing from the private sector about helping us innovate around access to food. This proposal combines the best elements of SNAP and the USDA Foods programs, and could even allow states to provide participants the opportunity to select from a list of food items and some states may choose to include additional items, such as fresh fruits and vegetables through public-private partnerships. In addition, the Budget expands on previous proposals to strengthen expectations for work among able-bodied adults, preserves benefits for those most in need, promotes efficiency in State operations, and improves program integrity. Combined, these reforms maintain the Administration's commitment to ensuring Americans in need of assistance have access to a nutritious diet while significantly reducing the cost to taxpayers.

The economy is strong with 103,000 jobs created in March and unemployment at 4.1 percent. The Nation's Gross Domestic Product (GDP) is growing at a healthy pace. The Bureau of Economic Analysis estimates GDP grew at the annual rate of 2.9 percent in the fourth quarter of 2017. But, according to the US Treasury, the National debt has grown to more than \$21 trillion. At USDA, we will do our part to reduce government spending. That is why we are committed to making USDA the most effective, most efficient, most customer-focused department in the Federal Government.

I would be happy to answer any questions at this time.

Mr. ADERHOLT. Thank you, Mr. Secretary. And just for the record I think you meant President Trump instead of President Bush.

Secretary PERDUE. Did I say President Bush? Well, I guess Barbara Bush is on my mind, so—

Mr. ADERHOLT. Well, we all are. And thank you for mentioning that because our hearts are certainly saddened about the loss of a former First Lady and mother of the President George Bush. So our hearts go out there. So that is a very good point.

Secretary PERDUE. If we could strike that from the record, I would appreciate that. [Laughter.]

#### BROADBAND LOANS AND GRANTS PILOT PROGRAM

Mr. ADERHOLT. Let me begin and just touch base about the Harvest Box issue. We have got a lot of topics to cover this afternoon, but I do want to acknowledge that issue proposed by the USDA's budget request. Some groups, some Members of Congress, as you have seen, and media have had a negative reaction to that proposal.

But I do want to give you credit for thinking outside the box, no pun intended—well, maybe it was intended. [Laughter.]

But regardless, it is a good way to think, thinking outside the box, literally, in how we can try to deal with hunger issues. I am certain that some of my colleagues want to discuss this in much detail today, but in reality, this subcommittee is probably not the best place to make such a sweeping priority change.

This proposal is probably left better to the farm bill discussion, which I understand is currently going on as we speak. But I hope we can remain focused on the programs that will be part of the fiscal year 2019 process.

Let me turn now to—you referred to the comment that was made about broadband. You testified last week that USDA is actually working with the FCC and Commerce to ensure that the loans and grants that your Department makes for rural broadband are strategically deployed to the areas of greatest need instead of duplicating existing networks.

This will become all the more important as USDA works to implement the \$600 million, that rural broadband loan grant pilot program recently enacted in the omnibus spending bill. Your efforts to efficiently deploy government resources are greatly welcomed.

My question to you this afternoon would be: What can Congress do to help ensure that this level of coordination is sustainable, and that the Federal programs will be working with each other to complement rather than to conflict with one another?

Secretary PERDUE. Well, thank you for the opportunity to address this, Mr. Chairman. And I think, again, it is vitally important. I passionately believe this is a potentially transformative item, just as we have seen in the Rural Electrification Administration—REA—in the 1930s, the telephone bill in 1934, and the interstate highway system.

We know that to prosper today and to have rural prosperity, you have got to have connectivity, whether it is telemedicine, distance learning, e-commerce, precision agriculture, or just the sociological impact of having young families and young children feeling con-



nected to the world out there through apps and Fortnite or whatever it is out there to be involved with.

So we want to demonstrate to this subcommittee and to Congress and to the Administration that the \$600 million that you have allowed us to deploy as pilots to effectively target underserved areas, not solely by ourselves—we are calling. We just had a meeting today in the Whitten Building over calling together the Rural Electrification Co-ops, the Rural Telephone, Rural Broadband Association, the Farm Foundation both. The financing through the ag credit system and others, of how we can all partner. There is not a one-size-fits-all for this solution.

But I am very proud of the person that we have at the helm of the Rural Utilities Service. Ken Johnson led a rural co-op in Missouri to serve their 3,000 customers with high-speed broadband without Federal support. And he did it through a business model of going out and getting subscribers to go to the market and demonstrate a sustainable business model to do that.

We want to find those kinds of ideas, those practices, using this \$600 million as kind of a bait to get people to come to the table with great applications of how to do this across the country in underserved areas. Our intention is not to overbuild and to duplicate services, and that is really the fear oftentimes.

The Federal Government really uses a lot of money through FCC, Commerce Department, USDA, in this area. But we have never had a holistic strategic plan, and that is what we are trying to lead the effort, to have a strategic plan across America to really connect America, not just rural areas but the urban, suburban, and rural areas need to be connected to one another. And the potential, we believe, for innovation, creativity, in the agricultural space, in the rural space, is tremendous when they can have access and on-ramps to that digital highway of the 21st century.

Mr. ADERHOLT. I know my time is up, but I do want to mention that, for the record, any information you could give us as far as an overview of where the Department stands on developing rules and plans for a program rollout, and implementation of the \$600 million for a pilot program to expand rural broadband, would be helpful. But you can certainly get back with us on that.

[The information follows:]

There are numerous tasks that need to be accomplished, and that are currently in process, to effectively and responsibly create a successful program of this size and importance. This includes administrative efforts to contract for operational and technical assistance services, setting up a reliable and safe online Rural Utilities Service application and review system, determining eligibility factors, and establishing a subsidy rate, all in compliance with Federal legal and regulatory requirements for such processes. We also will publish a Notice of Inquiry and establish a web portal to receive public input and ultimately a Notice of Funds Availability. We should be able to provide a realistic timeframe once some of the more complex tasks for program establishment have moved forward. Please be assured that USDA Rural Development is diligently working on all these aspects, in a prudent and expeditious manner, as USDA understands the urgent need for the economic, educational, and health benefits that broadband can bring to our farmers, ranchers, and rural communities.

Mr. Bishop.

#### OPIOD EPIDEMIC

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

I want to zero in on a very, very strong national epidemic, and that is regarding opioids. Rural Development recently began holding a series of regional roundtables on the opioid crisis. There was one last week in Utah.

I applaud this effort. In 2016, nearly 64,000 Americans died from drug overdoses, and shockingly, a December 2017 survey by the National Farmers Union and the American Farm Bureau Federation found that as many as 74 percent of farmers have been directly impacted by the opioid crisis.

As you know, rural communities have scarce resources to combat substance abuse. A USDA website on opioid misuse in rural America lists three specific programs that can assist rural communities to combat the opioid epidemic—the Community Facilities Loan and Grant Program, the Distance Learning and Telemedicine Program, and the Rural Health and Safety Education Program.

I am curious, then, why the OMB USDA budget request zeroes out the Rural Health and Safety Education competitive grants program and decreases Distance Learning and Telemedicine Program funding. To me, it seems like this is not the time to cut that, but to increase these resources.

I know it is early, but is there anything new that you and the Assistant to the Secretary for Rural Development have learned from the roundtables? And will Rural Development be issuing a report on the findings and recommendations and next steps?

Secretary PERDUE. Thank you, ranking member Bishop. We will indeed. Anne Hazlett has, after every listening session, reported back about the things she's heard. And just like broadband, there is no one solution. As you well know, there is a lot of despair.

This is the one drug epidemic that probably affects rural areas as much if not more than other areas. Farming is not a safe business, and you see a lot of people become addicted based on prescription medication and other types of things.

I think there is a \$20 million appropriation for the opioid specifically there, how we can help in partnering again in a holistic way with HHS, who has the primary responsibility over the epidemic there, but with community facilities and creating treatment centers out in rural areas where there may not be an economic model that makes sense there, partnering again with local communities, with community facilities of remote type of treatment, and again telemedicine, using that in a way that could hopefully be productive in these citizens' lives.

Frankly, honestly, profitability in the farm sector would go a long way toward curing some of the despair out there that causes people to misuse opioids.

#### CHINA TRADE DISPUTE

Mr. BISHOP. Thank you, Mr. Secretary. You mentioned trade in your opening statement, and I am glad you did because obviously, this is becoming a top priority with wide-reaching implications, especially for our farmers. According to the Georgia Department of Economic Development, China is the largest—I am sorry, it is Georgia's third largest export market. Soybeans, cotton, pecans, peanuts, and blueberries are just some of the products that will be adversely affected in a trade war with China.

We have made a great deal of progress, and I don't want to go backwards. Just over three years ago, the import tariff on unshelled and shelled pecans was 24 percent. At the end of last year, it was just 7 percent. We worked real hard to try to get that reduced.

I am hearing from many of my constituents about their fears of a trade war. Can you talk about where you see all of this going and what assurances we can give to our farmers, a little bit about the other options that USDA has to respond quickly to protect our U.S. farmers and ranchers? How do you assure that every farmer is given a fair share? And I understand the CCC is one of the options under consideration.

Secretary PERDUE. Obviously, if we have to have mitigation efforts, what you all gave us with flexibility on the CCC would be one of the authorities that we would look to, as well as Section 32, overproduction or taking food into the schools and other food banks and things like that.

But you are absolutely right. You have seen firsthand in your fertile district, probably the most fertile agricultural district in Georgia, over the growth of the pecan industry from a price perspective and an acreage perspective. And much of that growth has been driven by the demand in China.

Once they became acquainted with pecans, they wanted more of them. And frankly, that is the same situation with much of U.S. products, and that is sadly why President Trump has called on China and called them out for their unfair trade practices, because we allow many of their products to come in virtually tariff-free and yet they still restrict or tariff many of our products in there, both peanuts in your district, pecans, as well as cotton and other things.

And frankly, we are exhorting the President to use his negotiating power. If we think everybody has gotten the attention now, let's go to the table and design the things that we think are unfair. I have talked to the President about a reciprocal tariff arrangement, and he has picked up on that. If they tariff us a certain percent, then let's just be fair back and forth about that and do that. But there is a lot of anxiety in agriculture.

The other thing that would help, and I am more optimistic than I have been about that, is resolving the NAFTA situation. Ambassador Lighthizer has been working hard on that, and I am hoping we can get that. You know that the President's negotiating style on aluminum and steel got South Korea's attention, and we were able to resolve many of the issues that way.

I am hoping the same effect in NAFTA because China, Mexico, and Canada are typically, in all of our States, one, two, and three export destinations that way. So NAFTA's important here. That would relieve the anxiety level quite a bit. And then if we can get to the table with China, then we can utilize that. Sorry for the long answer.

Mr. ADERHOLT. Chairman Frelinghuysen.

#### U.S. TRADE REPRESENTATIVE

Mr. FRELINGHUYSEN. Briefly, there is a lot of money for opioids spread across every department, billions of dollars. It is a huge issue. It affects suburbia as well as rural America. I hope the pow-

ers that be, and you are one of those at the table, have worked out some sort of a system to make sure we are not duplicating efforts. I am not sure you can give me that assurance, but as long as you are at the table, I hope that you will work very closely with Health and Human Services and all these other agencies.

And on broadband, it was one of those things that sort of came up, quite honestly. It is an issue that needs to be addressed. And we hope and know you will spend that money wisely.

And lastly, do you have a relationship with the USTR, with the ambassador? Much of what members find, we found out, in terms of the announcement of the trade war on aluminum and steel, was what we read in the newspapers. What is your relationship with the USTR?

Secretary PERDUE. Ambassador Lighthizer and I speak pretty much on a weekly or more frequent basis because many of the technical issues of advice and counsel we have to give them. The USDA, we consider ourselves the chief salesperson for ag products worldwide. There are the legal ramifications of designing exactly what those contracts are going to look like.

So unfortunately, I think the steel and the aluminum circumvented normal channels in that announcement. We were surprised by that as well. That pretty much came from the White House, and that announcement, that was not something we were clued in on that way.

But otherwise, with the EU and others, negotiations on Argentina and others, we work very closely. Our Foreign Agricultural Service works very closely with USTR on a daily basis. Ambassador Lighthizer and I are talking on a weekly or more frequent basis.

Mr. FRELINGHUYSEN. Yes. Over the years, I have been—regardless of the administration, the USTR reps have been pretty remarkable. Their knowledge across pharmaceuticals and ag products—I think we have been blessed with some pretty smart people. So you are well built into that equation.

Secretary PERDUE. Yes, sir. We feel certain that we are.

Mr. FRELINGHUYSEN. OK. Thank you, Mr. Chairman.

Secretary PERDUE. And your point about opioid and rural broadband is exactly—both of us share. We just do not want a scattergun approach. We are trying to target the limited resources we have to the most potential.

Mr. FRELINGHUYSEN. I will just say for the record that there is a lot of money going out the door. And I have said this to the military as well. Somebody is responsible for spending it wisely. We may not get this amount. We had, for a brief time, predictability and stability. But this amount of money may never come your way again, so I hope we spent it wisely.

Thank you, Mr. Chairman.

Mr. ADERHOLT. Ranking member Lowey.

#### MCGOVERN-DOLE PROGRAM

Mrs. LOWEY. That is a good beginning. I agree with you, Mr. Chairman. I hope we spend it wisely as well, and I think the oversight on a whole range of issues is absolutely essential.

However, Mr. Secretary, I want to talk to you about the McGovern-Dole Food Program that provides food to schools in low-income

countries, committed to universal education, easing the economic burden on parents, and encouraging children, especially girls, to stay in school.

Because of McGovern-Dole, the World Food Program estimates enrollment of girls in school in Pakistan has increased 135 percent. In sub-Saharan Africa, school meals have led to a 28 percent increase in enrollment of girls and a 22 percent increase for boys. These really are amazing results, not only for the children involved but for what they do to strengthen societies against the threat of terrorism and civil disorder, benefitting children abroad and the national security of the United States.

Those efforts would end with your budget. Before proposing elimination of McGovern-Dole, did the Department consider what costs could increase as a result of the cut, including the cost of global hunger, instability, and military considerations? Was this taken into consideration?

Secretary PERDUE. Ms. Lowey, I think you well understand how this process works, and we have passbacks with OMB. I have had great discussions with Governor Beasley and the World Food Program about just the very statistics you have talked about. We were in Rome at the G7 agricultural ministerial just last year. He showed me pictures and statistics about the impact that had made in that regard.

You have heard from Secretary Mattis regarding if we do away with food, then we need more bullets. So we don't disagree with that at all. And the very fact that these are programs that Congress has valued in the past, I think the Administration's idea that these were possibly duplicative, I think the real issue that I would want to emphasize today is that we would ask that if money is restored for this that it be in the form of allowing American commodities grown by American farmers rather than cash to be disbursed.

We think that is a 2-for win in that regard to help not only our American producers but those people who—in our areas that need the food.

#### COMMODITY SUPPLEMENTAL FOOD PROGRAM

Mrs. LOWEY. Well, let me just say I appreciate your thoughtful answer, and I do hope we can have a dialogue between you and my good colleagues on the other side of the aisle. And I am sure we could work out a constructive solution to the problem. I appreciate your answers.

On another issue, a study showed that seniors struggling with hunger are at increased risk of poor health and chronic conditions, including diabetes and heart disease. As proper nutrition is directly linked to improving health outcomes and specifically for seniors, preventing unnecessary trips to the hospitals, delaying or eliminating the need for nursing home care, improved nutrition, would ease suffering and reduce the burden on Medicare and Medicaid.

Given these facts, why on earth would this Administration propose eliminating the Commodity Supplemental Food Program, which distributes meals to the elderly? Has the Department done an analysis to see what the impacts of this elimination would be on food-insecure seniors?

Secretary PERDUE. Ms. Lowey, I had the pleasure of going to the Pennsylvania Food Bank there and watching the distribution and having the testimony of senior citizens there who were the recipients of these boxes.

Honestly, I know that I would love the opportunity to talk to you personally and privately in your office about the Harvest Box concept because that was the progenitor, actually, of how we could use nutritious foods, including fruits and vegetables, in the boxes there because we saw how beneficial it was to the others.

I do regret, frankly, that the budget does not include that, and I hope that you all do view it well and would be a part of the ongoing supplemental while our senior citizens are—also have access to the supplemental nutrition program. This supplement—I was moved by the testimony of the users of this program.

Mrs. LOWEY. Mr. Secretary—and I just want to say to the Chairman, I see my time is up. I am really very impressed with your honest, straightforward testimony. And based on your responses, and working with my colleagues on both sides of the aisle, I do hope that we can modify the request from the Administration because it sounds to me, from your response, that we could agree a lot more than disagree.

So I welcome you to my office. I look forward to working with my colleagues, and I know we will make some constructive modifications to this budget.

Thank you very much.

Mr. ADERHOLT. Mr. Rooney.

#### DISASTER ASSISTANCE FOR THE CITRUS INDUSTRY

Mr. ROONEY. Thank you, Mr. Chairman.

Mr. Secretary, last year Acting Under Secretary Johansson came before our subcommittee here after Hurricane Irma hit, and we had a good dialogue about the USDA's disaster programs and crop insurance policies, and he at that time, as you know, acknowledged that those policies wouldn't be able to help in a meaningful way our citrus industry after Hurricane Irma.

So that is why, as a result, we provided you with \$2.3 billion to help compensate our farmers and growers who suffered hurricane crop losses. And I know that you and your entire staff at the USDA have been working on a daily basis to come up with a program that works. It was good to hear that you said that you hope to roll that out next week, because that is really truly what is going to help save our industry.

And I know that you share my growers' sense of urgency, that you want to get this aid out as soon as possible. I appreciate you coming down to my district and flying over the groves and meeting with our growers. It really meant a lot.

As you know, the citrus industry generates roughly 45,000 jobs in rural communities like Wauchula, Sebring, Avon Park, and Lake Placid, which is why it is so important that we not only get the aid out quickly, but that the program is right.

I appreciate your close collaboration with our Agriculture Commissioner, Adam Putnam, whose team is here today, and our state's industry leaders who are also here today.

I apologize for sniffing, as I am a little under the weather. That is why I am drinking my Vitamin C orange juice.

I am encouraged to hear that you are considering a combination of options to make the program work for Florida citrus. And with that, I hope you can answer a few questions that I have. And I will just ask them all at once and let you take the rest of the time.

Can you explain to our folks back home—and we will put this email out, send it directly to them, so you would be talking directly to my growers—the work that has gone into setting up the program that we hope to release next week, and how you will ultimately define its success.

Secondly, to the extent that you are able to at this time, can you explain how growers should expect to go about applying for the assistance once it is announced? And then, finally, when can they realistically see relief?

Thank you, Mr. Secretary. I appreciate your help.

Secretary PERDUE. Well, thank you, Mr. Rooney. And if I don't answer all of these—I try to write them down—please help me again with the questions.

But you are absolutely right. We have been working on this on a daily basis, and I think you are probably aware of many of the conversations with Commissioner Putnam and your governor and your members of Congress about the citrus issue. It is unique in a way, unlike many of the commodities across the country, in that it is fairly concentrated. And that has given us some particular challenges in that some of the size of some of the producers, we want to be responsible stewards of the taxpayer money.

But also, the industry is at risk. Certainly, as you well know representing that district, from the terrible time with citrus greening over the years, had debilitated the industry. We have seen the numbers over the loss of production there, and then you add the multiple hurricanes this year. So we are trying to design a program that takes care of the fruit loss.

And potentially through a—to individual producers, based on their loss, what—some of the principles that we have talked about is if these are organic citrus producers, possibly multi-generational, we don't want to punish the successful ones because they have been successful.

And if 75 percent of their AGI comes from farm production, we are not going to hold them to the typical FSA-type AGI limits or the payment limitations, if that hurricane loss, that disaster loss, had resulted from the hurricane.

Secondly, to preserve the industry as a whole, we are looking forward to a program that deals with the tree loss, therefore, that the state can administer in a way on a per-acre basis, you know, going forward.

Thirdly, this would be done in sort of a retroactive insurance program that we would consider either in the years going forward requiring the producers that took advantage of the disaster program to have an insurance program going forward.

As you know, it had been 10 years or so since major hurricanes—I guess 2004 maybe since a major hurricane, so many people, because the citrus actuarial was not as good as it possibly could have been, many people didn't have the upper limit, catastrophic cov-

erage possibly, but some didn't have it at all. And we hope to train them to use the crop insurance program, not to depend on supplemental disaster programs going forward.

I will be happy to answer any other questions.

To timing, we want to do a 50 percent advance payment as soon as we can. We hope to have the announcement—hope to have all of the IT work and the software work for signup in late June/early July in order to get that done with the money going out as quickly as we can get people signed up.

Mr. ROONEY. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

Mr. ADERHOLT. Ms. Pingree.

#### ORGANIC INDUSTRY

Ms. PINGREE. Thank you, Mr. Chair.

Thank you, Mr. Secretary, for being here today, and I am pleased to hear some of the comments earlier that came from our colleague from Georgia about the time that you two worked together there. And I know having a background as a governor from an agricultural state has been really helpful to you in moving into this position.

And I share with—many of the good things that you have been doing in the Department, and I am particularly pleased to hear about your RV tour. I know you have missed Maine, and you are going to want to stop in and get our blueberry pie, since it is different from Georgia.

But anyway, I think that it is really a good way to sort of see what is going on there, and you and I have had some good conversations. You welcomed me to your office, and I just really appreciate your spirit of cooperation.

But I know I share a lot of the concerns that you have already heard on this subcommittee, really, from both sides of the aisle about the particular budget. I want to add a few things about that and hear your thoughts and see if we can find some ways to work together.

I also wanted to mention that I was troubled a little bit about your support for the farm bill. Interesting today that it is being marked up in the House, and there is obviously a lot of disagreement around that. I was looking at your quote that said the Trump Administration has made rural prosperity a priority for the country, and the farm bill that works for agriculture is a key component of that agenda.

And one of the problems with the farm bill I think is it mirrors many of the things that are—we are dealing with here in this subcommittee around the budget cuts. The farm bill provides zero mandatory funding for rural development programs, which just seems counterproductive to me. If we want to really prioritize rural prosperity—and we have been talking about that in so many ways today through broadband, support programs, nutrition, you know, lack of access to healthy grocery stores—there is just so many issues that rural states like mine are really facing.

And I think one of the challenges in what is going on in the farm bill with a lot of the mandatory funding zeroed out, like rural development, then it means the appropriators on our subcommittee,



we have to try to find all these orphan programs, things like REAP, which have been really beneficial in my state to help lower energy costs.

I am also concerned about the cuts and eliminations that we have, you know, before us today. So I am kind of looking at it from both sides and hoping that we can find a way to come together, although I will be really discouraged if, after the good work was done in the fiscal year 2018, there are any rescissions proposed by this Administration.

So I thought I would focus on one area in particular around organics. And I know you know that is one of my interests, and I have really been pleased to hear your interest in and understanding of the importance of this in so many states, the idea that it is attracting many of the millennials.

And I have heard you say that word many times, and I am always impressed when I hear you say it, but recognizing that we need younger, creative farmers getting in. But I think it is a really critically important role that the USDA is there to support organics, given the fact that it is a \$50 billion industry today, and it provides a lot of the opportunities that farmers have found to find markets in what have been very troubling and perhaps continuing troubling times, whether it is around trade or commodity prices.

So let me try to be quick because I want to give you at least a second to answer my question. I was really discouraged to see that USDA withdrew the organic livestock and poultry practices rule. I think that is—I just think that was a bad decision. I guess the Chair and I don't necessarily agree on that. But we have to keep consumers confident in what goes into the organic brand.

The farm bill proposes not reauthorizing the Organic Certification Cost Share Program. That has been really critical in my state and is one of the most helpful programs in getting new farmers started out in the organic industry. The NOP received \$12 million in the Omnibus, and that is good, although I am pushing for \$15 million in the NOP.

I am just very concerned about whether there are resources there, and honestly, the level of support to make sure that we have the resources to tackle issues around fraudulent imports, maintain the integrity of the organic label. And I will stop there because I just think that is a really important focus.

Secretary PERDUE. Well, it is an important focus and one that we are putting real emphasis on. As you know, there have been some import cheaters coming into this country, and that is the responsibility of the USDA on equivalency. The organic industry, frankly, needs to be complimented over listening to the consumer and producing a product that consumers have demonstrated they are in desire of.

So they have kind of pulled themselves up by the bootstraps here and been successful. That is one of the reasons over the rules that you mention that we didn't want to move those goalposts at this point, but to allow the industry to continue to mature in that arena on organic livestock and production there.

We know that people have built their business model there, but organic integrity is very important and one of the ways we mention

when we visited about the number of farms increasing from younger people that want to have that spiritual side of dirt in their hands and a farm-to-table type of movement that is alive and active out there.

I think we will continue to see that grow, and we want to support those young farmers and the farm markets and other things that didn't get quite to Maine, but we are going to get there, and not only blueberries, we are looking for some of that Maine lobster. [Laughter.]

Ms. PINGREE. Can't miss that on a trip. I did bring you a little Maine organic maple syrup because it is my Maple Syrup Week this week, and I will be happy to pass that along.

But I do want to emphasize I think it is—you know, I think there are times when you let the industry mature, you let things happen on the outside, but it is the role of the USDA to support good markets for farmers and opportunities out there.

And I am concerned about this budget overall and think that we are not adequately funding, so I hope we can work together in a bipartisan way on this subcommittee. I know we had a lot of support on both sides of the aisle to restore some of that funding.

Thank you, Mr. Chair.

Mr. ADERHOLT. Mr. Valadao.

#### POLITICAL APPOINTMENTS

Mr. VALADAO. Thank you, Chairman.

Thank you, Mr. Secretary, for being here today. And it was a pleasure working with you over the last year, and I would especially like to thank you for making so many trips out to the central valley of California, especially out to the processing facilities in my district. It really does mean a lot to me and the people that I have the honor of representing.

On pending appointments, Mr. Secretary, in January I submitted a letter of support for the appointment of Mr. Tom Barcellos for the USDA Farm Service Agency State Committee, and in March I submitted a letter of support for Mr. Les Wright for the position USDA's Plant—Animal and Plant Health Inspection Service, National Wildlife Services Advisory Committee. Can you please provide me with a quick status update on the appointments within the USDA and how—and that they—how have they been held up for so long?

Secretary PERDUE. I will have to check on those two specific individuals. We have mostly staffed up all the state committees. I am not familiar with the exact one, but we will get back to you on that. And the other one you mentioned on Wildlife Services, I will have to get back to you on that as well. I didn't bring that information with me at hand, but we will—we have—you know, as you well know, we take into consideration members of Congress overall and try to do that.

That is a tough job, really, putting people together. So we rely on you people in—you members in the district to help us identify the people who you think would serve well. So I will get back the specific answers on those individuals.

[The information follows:]

On May 8, 2017, USDA's Animal and Plant Health Inspection Service (APHIS) requested nominations for membership on the National Wildlife Services Advisory Committee. Committee members advise USDA on activities, policies, program issues, and research needed to conduct operations for APHIS' Wildlife Services programs. Committee members are chosen to represent the diverse interests in the program and the multitude of industries to whom USDA serves. The White House Liaison's Office recently completed its vetting process of all of the nominees to ensure that no conflicts of interest exist that could potentially interfere with a nominee's ability to serve on the committee.

Concurrently, APHIS has been completing the necessary steps to renew the National Wildlife Services Advisory Committee Charter, which expires July 2018. I anticipate reviewing both the new Charter, as well as the vetted list of nominees, before July and notifying the newly appointed advisory committee members at that time. Members will be appointed for a two-year term. APHIS expects the first meeting of the new committee to occur before the end of the calendar year.

On January 4, 2018, I announced the appointment of two hundred twenty-seven Farm Service Agency (FSA) State Committee (STC) members to serve for the 2018 calendar year. Since that date, USDA staff has been vetting and finalizing candidates for the remaining additional 2018 FSA STC appointments. Mr. Barcellos is one of the STC appointees who is currently being finalized. While this process is almost complete, the official announcement will come after the final vetting and approval.

#### DAIRY MARGIN PROTECTION PROGRAM

Mr. VALADAO. I appreciate that. And then, Mr. Secretary, as you know, the Dairy Margin Protection Program allows all farmers, regardless of size, to pay reduced premiums on the first 5 million pounds of milk enrolled in the program. And it is important that this program remains available to all farmers, so as to not disadvantage any farmers based on their size.

That being said, I know some large farmers are concerned that depending on their production history, they may actually be required to cover more milk at higher levels just to get the benefit of the first 5 million pounds. I think it is important that we ensure this program remains fair to producers of all sizes.

Under the law, I think you should have some flexibility to allow farmers to select multiple margin levels for their production history. We need to make sure that larger producers have the same risk management options as others, so it is crucial to let them buy up to their first 5 million pounds without automatically having to buy up beyond that.

I appreciate any comments you might have on this topic, and I guess an example would be a large enough farmer would have to purchase 7½ million or 8 million pounds just to purchase their first 25 percent, which is required, and they would have to pay that 2 to 3 million pounds at a higher price just to qualify, just to be able to play or be a part of the program.

So if you have any comments on that.

Secretary PERDUE. I do. As you know, I had the opportunity to visit some of your progressive dairies in your district and in the valley there and was very impressed with them. That is an issue we probably need to discuss more thoroughly. Our legal advice is that we do not have the authority to do the multiple benefits in the Margin Protection Program to do that. I haven't had the opportunity to talk to our general counsel specifically about that issue, but we were informed and consulted that we could not authorize the Margin Protection Program under the—in the February 8 bill.

That did not allow that to happen, but I will be happy to discuss that with you as well.

#### ALTERNATIVE PROTEIN PRODUCTS

Mr. VALADAO. I appreciate that. Mr. Secretary, I have heard a lot recently about advancements in development of alternative protein products, including meat grown in a lab. Traditionally, the Food Safety and Inspection Service is responsible for ensuring meat and poultry products are safe and labeled correctly. Has USDA given any thought on the regulation of these products?

Secretary PERDUE. Well, we have. Obviously, there are some gray lines between FDA and USDA on many things, but meat has been under the purview of USDA. As you well know, meat and poultry has been the sole purview of the USDA.

We would expect any product that expects to be labeled as meat would come under that same inspection criteria there.

Mr. VALADAO. Well, and it is something that, obviously, as a dairy farmer with milk, and you are starting to see on a lot of different fronts where there are a lot of names being just thrown around. And so standards of identity is something I take pretty serious.

It is clear that science-based regulation and accurate product labeling will be critical to ensure an even playing field and prevent consumer confusion as USDA examines this issue further. I would like to encourage you to consider asserting regulatory jurisdiction, given your expertise and unique perspective. I believe USDA's best position to lead on this important issue.

So I have got a few more questions, but I know my time is up, so I will hang around for a little bit longer. Thank you, again.

Mr. ADERHOLT. Mr. Pocan.

#### DAIRY MARGIN PROTECTION PROGRAM

Mr. POCAN. Thank you, Mr. Chairman. I appreciate it.

And welcome, Mr. Secretary. So I have a lot of dairy, corn, soy, alfalfa in my district, add cranberries and ginseng if you go state-wide. I just want to put that out there.

I would like to try to get to 5 areas. I know I won't, but we are going to try to get to dairy, RFS, rural broadband, SNAP, and cranberry research dollars. So if we can both keep it concise, it would be great on it.

First of all, thank you for reopening the 2018 enrollment period and making it retroactive on the Dairy Margin Protection Program. Just wondering how the implementation of that is going. Are we getting it to all the field offices? Just a quick update.

Secretary PERDUE. Well, you know, the announcement has gone on. I think the signup ends relatively soon, and most farmers are pretty smart with their pencil. They can calculate back retroactively to January 1, so we expect a robust signup with the Margin Protection Program.

#### RENEWABLE FUEL STANDARDS

Mr. POCAN. Great. Also, on RFS, I want to thank you for your recent statement supporting the RFS, for supporting year-round

sales of E15 and opposing a RIN cap. I am wondering what the timeline is for rulemaking on the Reid vapor pressure waiver.

Secretary PERDUE. Well, that would be—obviously, come from EPA and we have no timeline. I think the President has been very clear about his desire to expand that RVP waiver to 12 months and allow E15 to be sold year-round, which we think would be very healthy for the ethanol corn grower and provide Americans more choice again with American-grown energy.

#### INTERNET SPEEDS

Mr. POCAN. OK. You are helping me get through my 5. Rural broadband, we started a rural broadband caucus, so we have 3 Democratic, 3 Republican co-chairs. In fact, everyone wanted to be a co-chair because it is a big issue.

I live in one of those areas where I get 1 mbps, unless I have—I have a separate satellite in order to get something other than that. Again, there is some additional dollars in there, although in the infrastructure plan that, you know, the budget had, it didn't explicitly specify dollars for improving internet access. And I know that we are trying to work to get some dollars in there.

One question I did have, though, is on the USDA—on the Community Connect Program that is run through them for agricultural funds, it still has the speed at a standard of 4 mbps downstream and 1 mbps upstream. That is really antiquated. I would argue I think people say at minimum it is like 14.

We actually had a proposal that made it through the Omnibus to see what it would take to bring everyone in the country up to 25 mbps as a minimum. Just wondering about revisiting those speeds within that.

Secretary PERDUE. You have educated me. I didn't realize we had those antiquated standards, obviously. I am using—I have used 10 mbps as a minimum. The FCC is talking about 25. I would love to get to 25, but 10 can do a lot of things, certainly more than 1½ or others, and some of us struggle with that out in some of our rural areas.

#### SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

Mr. POCAN. Yeah. If we could revisit that, because people are tracking cows, everything now. I mean, it is just—it is used way beyond in just their basic general business operations.

SNAP, you know, there I do have some concern with, you know, where we are at and the budget on that. My first term I ate on the budget of SNAP for a week. I was a hungry critter for that week. I bought a bag of oranges. That took a good \$6-plus out of my budget for the week. I had a lot of Ramen noodle stuff, my peanut butter. I ate every little bit, was hungry, pretty ornery. My office probably hopes I never do that challenge again.

But it is of concern, and, you know, I know originally some of the comments and exchanges you had with Mr. McGovern seemed to be more open, but, you know, unfortunately, the budgets are coming down really hard on SNAP. Fifty percent of the kids in Madison, which is the biggest city in my district, are on free and reduced lunch; 70 percent down in Beloit, which is in Rock County, the county I share with Paul Ryan.

I guess this is maybe more of a comment than a question, but, you know, really, you know, no one is getting rich on SNAP. Of all programs that keep kids out of poverty, this is one of them. You know, if maybe someday you want to join me on a challenge, even if we do it for a day, you can just see what it is like, I think it really would be helpful for us to try to figure out ways to keep the connection with those urban parts of my district and those really, really rural parts of the district. This has always been a key for us passing things, and I just hope we can keep that alive.

Secretary PERDUE. Well, I am up for a challenge, Mr. Pocan, if you want to go again on a SNAP budget. I need it. [Laughter.]

#### CRANBERRY RESEARCH

Mr. POCAN. You could come and visit our farmer's market in Madison, which I would argue is probably one of the most unique in the country, and we could do all of that in one day. I would love to have you in the district, Mr. Secretary.

Finally, cranberry research dollars. I know we are trying to see if we can get an additional \$2½ million. I would really appreciate it if it might be something that we could be supportive of. It would be really great for my state.

Secretary PERDUE. OK. Thank you, sir.

Mr. POCAN. Yep. Thank you.

And I will yield back 15 seconds, Mr. Chairman.

Mr. ADERHOLT. Mr. Palazzo.

#### CATFISH INSPECTION

Mr. PALAZZO. Well, thank you, Mr. Chairman.

And, Mr. Secretary, thank you for coming back this year. Enjoyed our conversation last year. I want to start off by saying thank you, you know, and I want to echo the Chairman's comments on cotton and dairy and how you committed to work with us and you have, as has the Administration. So thank you on that.

Also, I would like to think if your staff properly prepared you, you probably already know the question I am going to ask you before I ask it, because it is similar to the one from last year. But I do want to revisit the USDA's Food Safety and Inspection Service Catfish Inspection Program. And there is pretty much two issues here.

First, after our conversation from last year, you know, I was actually disappointed to see that same proposal to show up on page 48 again, wanting to remove the catfish inspection from the USDA, which is doing a phenomenal job on providing for our food safety and inspection, and moving it back to the FDA, which did a horrible job.

And I think—but I won't dwell on that just yet. I will give you an opportunity to speak.

But moving on to Vietnam and some facts, since 2016 the program has turned away hundreds of tons of imported catfish because they contain dangerous chemicals and drugs banned in the U.S. I mean, hundreds of tons that they kept from our dinner tables here in America.

And thanks to the Food Safety and Inspection Service's good work, American consumers are—have confidence that they are con-

suming safe and quality food. And so the 2008 farm bill moved—you know, basically put the food safety inspection of catfish to the USDA. Again, in 2014, same bill. It has been done under a Democratic-controlled Congress and Presidents as well as Republican-controlled Congress and Presidents. And so I think you get the point.

Now, 2 years later, you know, hundreds of millions of pounds of catfish rejections later, Vietnam has complained to the World Trade Organization that something Congress did in 2008 by law almost 10 years ago is now unfair. And because FSIS is requiring Vietnam to have food safety systems at least equivalent to—not the same but equivalent to the U.S., they are saying that that is unfair.

I don't think it is unfair. I think, you know, this argument between USDA and FDA is political. But I think—I know several of my colleagues on this subcommittee in the past have agreed that they think the catfish inspection programs should rightfully be in USDA where they are doing a phenomenal job, and where FDA has not been able to have the same successful record that you have had, and that food safety is important to the American people.

So I will allow you the opportunity to comment. Do you think, you know, requiring other countries that import foods into America to have at least equivalent safety inspections, do you believe that to be fair?

Secretary PERDUE. Well, absolutely. The silliness of the Vietnam case is that it is the same standards that we hold our domestic producers to. And as you indicated, this has gone on for a while. So the very fact that they would allege that we are treating them unfairly, while we have our own domestic producers, both wild caught and domestic, for those same standards is—doesn't make any sense.

I don't think the case will go anywhere at all, but it is important, obviously, you—you made a statement that I don't think anyone can disagree with that food safety is critically important. It is one of the most important things that we do, and we take that very seriously.

I am not sure about the FDA. And there are several issues I think that we would like to address with the FDA over responsibilities going forward.

Mr. PALAZZO. I appreciate that. Again, you know, to echo, prior to the USDA taking over the inspections, I am assuming hundreds of tons of catfish were actually making it onto the American consumers' tables that contained dangerous chemicals that we do not want, and we would not accept. And USDA, once they took on the responsibility, I guess they took it seriously and they have done a fantastic job. And I think, you know, the American people would like to continue to see you all do that.

And, second, so the Omnibus Bill, the fiscal year 2018 Omnibus Bill provide ample funding for the Food Safety and Inspection Service. Are you committed to ensuring that that money makes its way to the Food Safety and Inspection Service? Do you see any reason why it wouldn't comply with the law?

Secretary PERDUE. Absolutely, sir. I think, again, we view food safety as one of those zero tolerance issues. Obviously, USDA has

a lot of responsibility for making sure that the public not only gets safe food but perceives the food that they are saying is—they are operating under safe conditions, both those that we are importing and that is locally domestically produced.

Mr. PALAZZO. Mr. Secretary, thank you, and we appreciate what USDA does for America.

Mr. Chairman, I yield back.

Mr. ADERHOLT. Mr. Young.

Mr. YOUNG. Thank you, Mr. Chairman.

Mr. Secretary, good to see you again. How is Under Secretary Bill Northey doing?

Secretary PERDUE. We got him here. He is making up for lost time. He is doing a great job.

#### TRANS-PACIFIC PARTNERSHIP

Mr. YOUNG. I know he is excited to be fully engaged. Trans-Pacific Partnership, where are we with that? I mean, I have heard the President tell Lawrence Kudlow, the economic advisor, and USTR advisor—representative Lighthizer to go, let's do our best to get back into TPP. Then recently I hear a no. Do you know where we are? And are you advocating that we get back into TPP, at least in the agriculture kind of title?

Secretary PERDUE. I was in a meeting the other day with farm state members of Congress as well as farm state governors where the President directly addressed his NEC Chairman, Larry Kudlow, as well as Ambassador Lighthizer was in there, to deal with and to approach the TPP again.

I had reminded the President what he likes to talk about is you get a better deal when you withdraw. I said, "Mr. President, we have already withdrawn from TPP. Let's go get a better deal." So I am encouraged by that. I don't know. He is meeting with Mr. Abe in Mar-a-Lago, and hopefully that will be part of the discussion there. But I don't have any further information about that.

As you know, Ambassador Lighthizer is charged legally with negotiating those deals. While we would welcome that arrangement, I think, again, with joining those other 11 countries, it would be a great unification against China in world trade.

Mr. YOUNG. And bilateral agreements as well, the President has a preference. He has said he prefers bilateral agreements. Are you privy to any discussions where we are approaching other countries on a bilateral basis to negotiate any trade deals?

Secretary PERDUE. Well, I know from a sales perspective we are approaching many countries. Under Secretary Ted McKinney, Trade and Foreign Agricultural Affairs, is well on his way to his million mile mark, traveling the world, knocking on doors. We were fortunate—just the fruit of the Argentina pork recently, and KORUS, but he has been to India, Japan, and Southeast Asia, India a couple of times, and it is a tough market but we will continue.

We bring out those sales leads and that interest back to the USTR, and they negotiate the deals.



## RENEWABLE FUEL STANDARDS

Mr. YOUNG. Thank you for what you did and your advocacy for renewable fuel standard and biofuels and ethanol, and whatever you may have done to help convince the President that E15 year-round was a good thing. And I believe it is good.

And as well, what the EPA is doing with their waiver process, will you urge Administrator Pruitt and the President to stop granting those waivers until we get a full picture about what the heck is going on? Because when you hear about waivers going to entities, companies who—and that is supposed to be if you have a hardship, right?

Secretary PERDUE. That is right.

Mr. YOUNG. But when Andover has a \$1.5 billion profit, that doesn't sound like a hardship for me. So help us draw a clear picture about what the heck is going on, and what we can do to make sure it is not abused.

Secretary PERDUE. Most of our farmers would love to have a hardship of that magnitude.

Mr. YOUNG. Amen. You have got that right.

Secretary PERDUE. You know, certainly, we are concerned about the waivers. That is just directly demand destruction, and our concern is we have issued enough waivers this year that would be beyond the blend wall, and we think that is adequate compensation to merchant refiners who have been complaining about RIN prices. We are already down there by virtue of other waivers.

Mr. YOUNG. Well, this is so important because, as you know, agriculture income has been down 4 years in a row. I think its lowest since 2006. And any kind of retaliation that we may have through trade right now with what is going on, this could be almost even more devastating with what could happen with RFS.

Secretary PERDUE. Well, you take the trade disruption conversations we are having with China, on NAFTA, on the bubble there, as well as RFS, there is a lot of stress out there and a lot of duress in the ag community. And it gets cumulative. It is just like life. Different situations happen in this life. The stress is cumulative, and there is a lot of anxiety in farming.

RFS could—solution could help, NAFTA, KORUS, and certainly TPP could go a long way to reduce that anxiety meter.

Mr. YOUNG. Thank you for being here. I will have some more questions in the next round.

Secretary PERDUE. Thank you.

## WATER AND WASTE DISPOSAL PROGRAM

Mr. ADERHOLT. Thank you. Let me turn to infrastructure just a minute. Infrastructure is critical to agriculture industry in rural America, with modern reliable infrastructure services as the pillar of our strong economy. And, of course you realize that as much as anybody.

What is likely now known by many as the significant role USDA has in the infrastructure through its large utility portfolio? USDA has a well-performing utility portfolio of over \$55 billion that primarily consists of investments in electric, water, and broadband utilities.

I would like to take a moment just to discuss investments in rural infrastructure for water, wastewater, and solid waste management. These basic services are critical, and members of this subcommittee have seen firsthand the importance of safe and reliable water systems.

While we are pleased to see the inclusion of the \$1.2 billion direct loan program in the budget request this year, the budget disappointingly, once again, does not request any funding for grants despite the known need and significant backlog.

Oftentimes a grant component may be used with a loan to make a project financially viable and keep the rates for payers affordable. Why did the Department decide not to propose any sort of other water and wastewater resources outside of the direct loan program despite the need that is clearly out there?

Secretary PERDUE. Our understanding, Mr. Chairman, is that EPA or the OMB view this as duplicative with Corps of Engineer projects, as well as EPA. We had some concern about that as well because we know that the combination of grant and loan programs—and you are right, we are pretty proud of the portfolio that USDA has managed, oftentimes as a negative subsidy here that returns money to the Treasury.

So we believe that both of them can be very helpful in an infrastructure program.

Mr. ADERHOLT. Yes. And certainly when you have duplicate programs I think any of us need—want to be aware of when those are the case. But clearly there is a backlog out there, and there is a real need.

The budget also proposes to increase the population eligibility for water and water—and waste programs from 10,000 to 20,000.

Why does the Department seek to make this change, and could it adversely impact, you know, what—many of us represent smaller communities that—and the impact it would have on them. So let me just ask your thoughts on that.

Secretary PERDUE. We would welcome this subcommittee and Congress as a whole to look for a common definition of “rural.” There are many there. What happens oftentimes, if you have a larger city, say 50,000 or 70,000, in a county, that whole county is kicked out of that project, where you have got a lot of other rural areas in that county.

So this is one item I would request that you all look at from a holistic perspective of getting a common definition across U.S. Government programs for a rural definition that would help.

#### NATIONAL BIO- AND AGRO-DEFENSE FACILITY

Mr. ADERHOLT. Okay. All right. We can follow up with you on that. Let me switch right quickly to the National Bio and Agro-Defense Facility. One of the significant requests in the fiscal year 2019 budget is to begin this transition of management operations of the National Bio and Agro-Defense Facility, which is referred to NBAF, from Homeland Security to USDA.

Of course, the facility will not be operational for a few more years, but the budget costs of \$42 million this year for program transition and new equipment related to the transfer from Department of Homeland Security to the Department of Agriculture.

NBAF is essentially replacing the existing facility on Plum Island and will undoubtedly create a state-of-the-art facility that performs critical research on foreign, emerging, and animal diseases that propose threats to animal agriculture and public health.

Can you speak to the reasoning behind the Department wanting to make this transition, management and operations, from Homeland Security is needed, and explain how you see the facility operating under the Department of Agriculture?

Secretary PERDUE. Well, we are of the opinion that this is one of the core competencies of USDA and the Agricultural Research Service. We have been responsible for managing that Plum Island facility. While there is some bioterrorism that affects—Department of Homeland Security agreed and actually asked us to look at managing the effort at Kansas State at the NBAF facility there.

We agreed that it would be in the best interest overall to have USDA involved in those biosecurity issues that affect many things—foot and mouth and other kind of terroristic type of issues that would go forward if something happened, obviously, in a bad way. DHS would be responsible for the security and concerns going forward. But from the research perspective, vaccines and other types of things, we think it is more in the core competency of USDA and we welcome the acceptance of that responsibility.

Certainly, we have got a concern for the future funding, to make sure that we don't have to take that out of the ongoing USDA budget.

Mr. ADERHOLT. Thank you.

Mr. Bishop.

#### CIVIL RIGHTS REORGANIZATION/TREE ASSISTANCE PROGRAM-PECANS

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

I am going to ask 2 questions, try to be brief, so we can probably wrap it up. It is regarding—first is regarding civil rights. You recently proposed a reorganization of the civil rights functions in the Department. As you know, I asked your staff some questions about the proposal, and I am awaiting responses. As I understand it, the proposal would centralize the agency's civil rights responsibilities at the mission area level, and those persons would, in turn, work with the Assistant Secretary for Civil Rights.

You have shared that there has been a lack of uniformity in how civil rights issues have been handled at USDA, and you are seeking to address this through the reorganization. Would you discuss that?

And the second is more parochial. It has to do with pecans, the disaster assistance that was in the Omnibus. As you know, the storms that Georgia experienced in 2017 brought a lot of damage to the pecan crop, and it became clear that changes were needed to ensure that the farmers could be fairly compensated for their losses and be able to continue in business.

To that end, we worked with Chairman Aderholt, your staff, to bring \$15 million worth of aid in the recently passed Omnibus to pecan farmers in Georgia and others who suffered losses. Where are you in the implementation of that provision, and how long will it take to get the money out the door?

Secretary PERDUE. Similar to what—on the second question first, Mr. Bishop, similar to what we talked about with citrus, we hope to have those programs out next week. Citrus, we are closer actually on pecans than we had been on citrus because of the concentration of the citrus industry. They gave us some concerns over some of the potential payouts that may be there, but hopefully we will do that.

Again, we think the software will be ready by the end of June, first of July, and we would also probably have 50 percent advance over those applications as well.

Regarding the reorganization of civil rights, we did that from a business enterprise standpoint overall, like we had every mission—every agency was operating both from a CIO or chief information officer, human resources, procurement, and others, and there was a lack of consistency across a broad array, not only civil rights but these others, human resources, procurement, those kind of things.

From a business reorganization standpoint, we wanted them to specialize in the mission areas. We have got 1 chief CIO with 7 assistants there per mission area, rather than having 23. We had 39 data centers, some of them in some very unsafe places as well that we have consolidated. We are getting back—going back. We have reduced that already in half, and we are moving forward.

So the civil rights was not a way to diminish the impact, but to focus the impact over consistent answers and making sure people in every mission area felt like their answer was the same and consistent in these very important questions.

#### TELEWORK PROGRAM

Mr. BISHOP. I do have a little time left. Talk about—

Secretary PERDUE. I could have talked longer, I guess. [Laughter.]

Mr. BISHOP [continuing]. The telework program. That has gotten a little bit of press, and I think USDA modified its telework program. And it had been written up in Forbes magazine as being a stellar example of how it worked, but then of course some new regulations I think were implemented somewhere around March or February that limited the amount of telework. Can you discuss that?

Secretary PERDUE. Certainly. What we were finding in some of the processes there, that things were not moving nearly as fast. And as we began exploring that, some of the excuses again was so-and-so is teleworking. And there had been waivers where there were some people teleworking a majority of the time.

One kind of funny anecdote I will relate, in the barber shop where a lot of things get talked about, one guy was complaining about our new telework policy. And one of my aides was down there listening and he said, "Well, tell me about that." He said, "What is the problem?" And he said, "Well, I am only going to telework 2 days out of a pay period." He said, "Well, what is your job?" He said, "Maintenance." And that is kind of a high-powered example of what was happening there. People—it became an entitlement that people felt like they could just telework from any job, and there were some jobs that didn't fit teleworking.

Mr. BISHOP. Thank you, Mr. Secretary. Thank you for your service. We look forward to working with you and try to—let's carry that mission out at USDA, so that we can do the best we can for our farmers, ranchers, and our consumers.

Secretary PERDUE. Thank you, friend. You have done that for a long time. We look forward to working with you.

Mr. BISHOP. Yes, sir.

Mr. ADERHOLT. Dr. Harris.

#### SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

Mr. HARRIS. Thank you, Mr. Chairman.

I apologize, I stepped out after your introductory comments, but the White House is holding a multi-agency briefing on opioid crisis, and your agency was represented as well. And, as you know, that is a particularly important problem in rural areas, and I am glad to hear that your Department is helping out with America on that as well.

I am going to ask—well, first, I want to thank the Department for, you know, the EQIP Program, the Specialty Crop Block Grant Program, important in the State of Maryland. With regards to the Farmer's Market Nutrition Program, I hope we are able to keep some funding for that because that is also important in Maryland.

But I want to just talk a little bit about the SNAP program because I am puzzled, and I will ask for your answer on that as well, as to why, you know, before 2000 or in 2000, approximately 17-, 18 million people on SNAP, unemployment rate over 4½ percent, and, of course, as you know, over time unemployment rate went up, but now it is down to 4 percent, but we have 2½ times as many people receiving SNAP benefits.

So, and I guess at one point I would like to know if you can try to explain what this disconnect is. I mean, look, we want to help people when they are in need, but we have returned to full employment, or what we look at full employment. You have 42 million people on the SNAP program.

The other thing I want to comment about is some of what we heard about the SNAP Food Box proposal, because I like that proposal. I mean, you know, the farmers in my district, they are happy that finally we are going to have a program in place that says that when their tax dollars go to pay for supplemental nutrition, which they all want it to go to, that actually we are going to guarantee that a part of that actually is used on American food products, on U.S. farmers' products.

And my understanding—and I guess you would select nutritious products I guess, because, of course, when you get the EBT card now, you don't have to buy nutritious products. You can buy anything off—almost anything off a food shelf in the supermarket. So I think that is great. It sounds like we would be getting more nutritious food for less dollars, which I think is exactly what the American taxpayer probably thinks that program ought to do is provide highly nutritious food, be more efficient doing it, and help our farmer.

You know, the food network delivery—or the food delivery network questions come up, but my observation is the trend in the grocery industry nationwide is to establish food delivery networks.

I mean, and it sounds like you are actually ahead of the curve saying, yeah, you know, we can actually—and I imagine you could participate in many areas in those kind of food delivery networks that are set up, which actually would make it quite cost effective.

I mean, if your local grocery store can find it efficient to deliver food, I can't imagine why we couldn't find it to be efficient to deliver food that way as well.

And the other thing was the remaining—you know, that question that says, well, you know, they are obviously not vegetables or fresh fruit because these are shelf-life foods, but my understanding, Mr. Secretary, the person still would—the recipient still would have about half their benefits that they could go out and buy all fresh fruit and vegetables with. Is that my understanding?

Secretary PERDUE. That is correct.

Mr. HARRIS. So we are not telling them you can't have fresh fruit and vegetables. It is—

Secretary PERDUE. No. We were anticipating 50 percent of the Harvest Box being there, but 50 percent on EBT card. And, frankly, we have also had considerations of how we could include fresh fruits and vegetables in the Harvest Boxes as well, packed on a real-time basis there. So that is our expectation.

Mr. HARRIS. I mean, certainly, if you use the existing food delivery networks, that should be possible. I mean, to use one of—I mean, Giant Foods in my area, they deliver fresh fruit and vegetables in those delivery boxes.

But if you could just shed some light. Why is it, you think, that we have so many more people dependent upon the SNAP program than we did 15 years ago? And literally 2½ times as much, even though our economy is booming and unemployment is down below levels at that time.

Secretary PERDUE. Well, I wish demographically I could—I could explain that. I think that has been some of the consternation regarding looking at changes in the program. As we know, Americans are very generous and very—some of the most compassionate people in the world, and we always want to provide. I mean, food is a necessity, and we want to provide food for particularly hungry children and senior adults that need that food.

But you are absolutely correct. The unemployment numbers, we saw them climb during the Great Recession, and that was understandable as people lost their jobs. But the commensurate decline in applications, while it has gone down some, it has not tracked the unemployment there.

So I think our fear is that some people maybe have found it more advantageous to continue government aid than to go look, but that is why I applaud what I think Chairman Conaway is trying to do with the educational and training money. If your members will look at the fact, we are not trying to take money away in the farm bill. We are trying to help people get a job that will be ultimately better for them and their families than any kind of government dependency.

Mr. HARRIS. Well, I agree with you, Mr. Secretary. Thank you very much. And, again, I apologize for having to step out.

I yield back, Mr. Chairman.

Mr. ADERHOLT. Thank you, Dr. Harris.

Mr. Young.

#### BIOTECH ANIMALS

Mr. YOUNG. Secretary Perdue, I have a question for you regarding biotech animals. As you know, FDA has oversight over biotech animals, and recently claiming jurisdiction over gene-edited animals as well. So the FDA regulates these under its new animal drug authority, which means these animals must go through years of testing as drugs, and producers and retailers may even be required to register as drug producers to raise or sell these animals.

It sounds onerous, these requirements, and preventing some valuable products from reaching farmers. I love bacon, but I don't know that I am addicted to it or it is a drug. But what does this all mean in the end? And I know you have signed an MOU with the FDA on this, to discuss biotech regulations. And so has this been a topic of discussion? Where are you on these discussions, and what can you do to help take this—to set this back or stop this? Because it sounds bizarre to me.

Secretary PERDUE. Well, I have been involved with Dr. Gottlieb, the Commissioner of FDA, and I am concerned about it, likewise, as you are. I think it will stifle innovation and creativity, particularly in the non-transgenic gene, which is actually just really rapid natural breeding techniques that we have used for years.

We have the ability and we have recently ruled on the fact that we are going to allow that in plants. And I think, again, it is just as we do herd selections in animals there, the non-transgenic improvements in biotech would allow for a rapid progression of that, of developing more productive animals that give more milk and grow faster, and do that without the need for drugs or hormones or anything like that, which to me looks like it would be a good idea.

So I think Dr. Gottlieb and I have disagreed about FDA's position on that, and I will continue to impress upon him the need for us to look differently at those items.

#### BROADBAND PROGRAM

Mr. YOUNG. Thank you for impressing upon that. And I believe there had been some questions already raised regarding the Rural Utilities Service and broadband. And to the extent that we ensure that any new deployment goes to underserved or unserved areas is very, very important.

I think part of it is we have got an antiquated mapping system where we are not sure where everything may be. And just recently we—recently, a bill was passed here in Congress and signed into law that will help with that mapping, and so we will know where the needs are. But to the extent that you are working with FCC on that, I hope that goes well because we need it.

When we talk about infrastructure, you know, we can have just a stronger rural economy in rural communities if we can have the strong roads and bridges, and we can have the ability to communicate.

Secretary PERDUE. No question about it. We are working with FCC, as well as Commerce, on this effort. But we are also working with local communities who know the needs there. And you are ab-

solutely right. I think the data map has been deemed inaccurate because it is inaccurate. We have relied on major carriers to tell us what our coverage is. And I have taken some of these in our home state of Georgia and gone through and you can't even get a cell signal in some of those areas where you say you can get high-speed broadband. It is just not there.

So we are going to be focused. We are going to plan to use that \$600 million very strategically and demonstrate to you all with the right amount of grants, loans, and other programs, and working with private investors, and we hope to do you proud in that regard.

Mr. YOUNG. I would just ask you to remember as well, as we are more mobile people, we depend on those cell towers as well for our mobile applications as we are running around in our busy lives, and how that can help with precision agriculture as well, aside from the need to get the wiring and the broadband in the pipeline to our homes and small businesses and larger.

Thank you. I yield back.

Mr. ADERHOLT. Thank you, Mr. Young.

Well, Mr. Secretary, thank you for being here today. Also, thank you, Dr. Meyer, and Mrs. Diem-Linh Jones, for being here. We appreciate your service, again, to USDA. And I think we have had a successful hearing here this afternoon.

And we look forward to working with you as we continue to look at the fiscal year 2019 budget, and we look forward to working together on a lot of projects to help rural America and help agriculture overall in this country.

So thank you, and the hearing is adjourned.