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Memo: “The State of the Rural Economy with Agriculture Secretary Sonny Perdue”

House Agriculture Committee

Date: 3/4/2020

Witnesses

- **The Honorable Sonny Perdue**, Secretary, US Department of Agriculture

Market Facilitation Program (MFP)

- In Secretary Perdue’s opening statements, he said the USDA’s goal is to not continue MFP because trade will ideally have increased by the end of this year. He said, “MFP is not a price support program, rather it is a trade disruption program. So, if trade increases but prices don’t go up with it, then that is a signal to farmers that they are producing too much.”
- Chairman Peterson (D-MN-07) and Ranking Member Conaway (R-TX-11) both applauded MFP in their opening remarks and reflected on how much worse the state of the farm economy would have been last year without the MFP payments.
- Rep. Costa (D-CA-16) asked Secretary Perdue why there were not more payments made for specialty crops through MFP. Secretary Perdue responded by saying the first round did not include much, if any, specialty crop payments, but the second one should. When asked if USDA will add it in now, Secretary Perdue said their hope is to discontinue the program, as mentioned before, so no.
 - Rep. Costa asked about Farm Service Agency (FSA) personnel and if the USDA is doing anything to hire more workers to help the request for payments go faster and Secretary Perdue said they are always trying to hire more FSA employees.
- Rep. Scott (R-GA-08) wondered if it is possible to incorporate the value of MFP payments into the Price Loss Coverage (PLC) program, to which Secretary Perdue said he is unsure if this can happen.
- Secretary Perdue brought a large graph that showed a dollar range of the second round of MFP payments by state to dispel the idea that the program favored Southern state. This board was used in response to Rep. Delgado’s (D-NY-19) concern that wealthier and larger farms were favored with MFP payments, but Secretary Perdue said the data looks that way only because these large operations account for approximately 75% of total US food production; therefore, they received more payments because of having more losses.

Trade

- Rep. Costa (D-CA-16) asked about a potential “phase two” agreement with Japan and if it will specifically include agricultural commodities. Secretary Perdue responded that there are agricultural products already included in phase one (about \$7 billion) and he believes there will be a phase two, but does not know the time frame for that.
- Quite a few members asked about the phase one China agreement and if the pledged amount of agricultural purchases is realistic, especially now with the coronavirus impacting trade. Secretary Perdue responded that China is signaling that they intend to comply and fulfill this agreement of \$40-50 billion in agricultural purchases. Secretary Perdue’s said the USDA’s motto moving forward with this trade agreement with China is “trust but verify.”
 - Rep. Crawford (R-AR-01) wanted to know how optimistic Secretary Perdue is that the China agreement will increase rice exports. Secretary Perdue said he is optimistic this will happen.
 - Rep. Axne (D-IA-03) asked what specific commodities will have the largest increase in exports in phase one because of the large concentration in corn producers in her area. Secretary Perdue said he hopes all commodities will have an increase, but corn will benefit from the ethanol agreements.
- Secretary Perdue is confident a trade agreement with the UK will take place this year and that this agreement can help lead to a deal with the EU. He spoke about the concern that Europeans have with the safety of the US food supply, but how the data and science disproves these concerns. He hopes a UK trade deal will also help with the food safety concerns.

SNAP

- Rep. Fudge (D-OH-11) discussed the importance of the SNAP program and how the proposed rules will hurt millions of Americans. She said the rules would only reduce the SNAP budget by \$19 billion over 5 years, compared to the \$22 billion that has already been paid out to farmers through MFP since 2018. Other Democratic Committee members shared Rep. Fudge’s sentiments about the SNAP rules.
- Rep. Hayes (D-CT-05) asked about the plans for the proposed “Harvest Boxes” in the SNAP program, saying “Are SNAP recipients incapable of choosing groceries for themselves or their families?” Secretary Perdue said this is not the intention of the program, rather it is to provide a food delivery service through SNAP benefits, similar to meal kit services like Blue Apron. Rep. Hayes responded that she highly doubts this will be anything like Blue Apron and other

meal kit services, rather she is concerned about the logistics of it and if it would even reduce costs in the long run.

- Specific logistical questions that Rep. Hayes raised are who will deliver the boxes, what happens if a box is stolen, how do you deliver a box to someone without a permanent address or any address at all, and what if a natural disaster occurs and boxes cannot be delivered.
- She was concerned about the lack of information on this proposed plan and said they need to see their plans before it is up for funding.
- Another concern she had with the boxes is the issue of food allergies and how they will deal with that if the box components are predetermined.
- Able-bodied adults without dependents (ABAWDs) were brought up by Rep. Carbajal (D-CA-24), Rep. McGovern (D-MA-02), and Rep. Hagedorn (R-MN-01). Rep. Carbajal and Rep. McGovern were outraged at the proposed rules regarding ABAWDs in SNAP; conversely, Rep. Hagedorn appreciated it and said it encourages a productive economy now that unemployment is so low. Rep. McGovern also said the lack of data on demographics of these adults is astonishing and more knowledge is needed to see how many are veterans, new 18 year olds out of foster care, etc.

Biotechnology and Biosecurity

- Quite a few members brought up gene-editing and the jurisdictional issue between USDA and FDA. They expressed support for USDA having jurisdiction over these regulations because it will expedite the approval process that FDA would otherwise operate under, examining it as a drug. Secretary Perdue said this is crucial in order to keep the country's edge in gene-editing innovation with the rest of the world.
- Rep. Hartzler (R-MO-04) said the holdup between USDA and FDA regarding jurisdiction over gene-edited pigs is detrimental. Secretary Perdue agreed and said that the African swine fever threat requires fast action and there is a lot of potential to make "food therapeutic" once the regulation side catches up to the biotechnology advancements.
 - Rep. Dunn (R-FL-02) echoed this and said the regulatory burdens of gene-edited crops are hurting his farmers and ranchers.
- Rep. Rouzer (R-NC-07) asked about the status of the vaccine bank for Foot and Mouth Disease (FMD), and Rep. Marshall (R-KS-01) and Rep. Hagedorn (R-MN-01) both talked about the new NBAF facility in Kansas that is replacing the current Plum Island location. Secretary Perdue said they are requesting proposals now to see what can be done about creating a vaccine for FMD.
- Rep. Davis (R-IL-13) mentioned agricultural research issues and the need for funding for the AgARDA program.

- Rep. Yoho (R-FL-03) talked about the One Health bill and said there is a need for a coordinated research effort between USDA and HHS that studies disease transmission through animals.

Crop Insurance and Other Farm Bill Programs

- Rep. Peterson (D-MN-07) discussed the quality loss provisions in WHIP+ and that quality is a huge disadvantage. Secretary Perdue said they hope to open comments on this ruling in April/May.
 - He also brought up the issues with the Conservation Reserve Program (CRP) signup and asked what is being done to help the farmers and landowners having software issues accessing the county rates. Secretary Perdue said that anyone that had an issue with signup is on a list and are still eligible for the program. FSA is assisting these people with signup to make up for their faulty software at the signup locations.
- Rep. Comer (R-KY-01) said he does not support a hemp crop insurance program because he believes it will encourage the over production of the crop and lead to increased fraud. He does support hemp and CBD oil production in general, though.

Labeling Issues

- Rep. Scott (R-GA-08) brought up standards of identity in dairy, meat, and rice products. He said they need to be diligent about this and ensuring proper labeling on food items.
 - He also asked for USDA to work with EPA to ensure adequate labels on E-15 pumps, saying that as it becomes more prevalent in the marketplace, they need to protect customers from the damages it will cause to high performance motors if they accidentally use it.
- Rep. Marshall (R-KS-01) said FSIS needs to modify current beef labeling to accurately reflect the origin of the beef, because labeling a package as a “Product of the US” when it was only processed in the US after being exported from elsewhere is misleading to the consumer.
 - Rep. Johnson (R-SD-AL) agreed with Rep. Marshall and asked what the status of this is. Secretary Perdue said it is something they are working on and can most likely use the terms “Slaughtered” and “Processed in the US.” These labels would be voluntary though.

Farm Labor

- Members mentioned the Farm Workforce Modernization Act quite a bit. There is strong bipartisan support for this bill among committee members, but Secretary Perdue said members in the White House and not as supportive with advancing

it. Secretary Perdue spoke favorably of this bill and recognized the importance of immigrant labor on the farms.

- Rep. Crawford (R-AR-01) asked what is being done to get more young people on the farms because the age of the farm population is increasing. Secretary Perdue believes agriculture needs to show its profitability to get more young people involved, and the industry needs to work towards economic sustainability, as well as environmental sustainability. He also said that the Conservation Reserve Program (CRP) adjustments unintentionally attracted younger people onto the farm.
- Rep. Delgado (R-NY-19) discussed the plight of small family farms, specifically dairy farmers. Secretary Perdue said value added grants have helped on dairy farms, but unfortunately the yield of dairy products is up and there is significant market and price pressure in the industry as well.

Misc. Topics

- A few members mentioned rural broadband and how appreciative they are for the efforts to increase access by the USDA.
- Rep. Adams (D-NC-12) asked why there is a delay in receiving scholarship funding for students applying to agricultural degrees at HBCUs. Rep. Lawson (D-FL-05) also discussed this and said how important these scholarships have been.
- Rep. Kirkpatrick (D-AZ-02) asked about funding to prevent wildfires and Secretary Perdue said they plan to respond to forest fires like any other natural disaster.