

**OPPORTUNITIES FOR SPECIALTY CROPS
AND ORGANICS IN THE FARM BILL**

HEARING

BEFORE THE

**COMMITTEE ON AGRICULTURE,
NUTRITION AND FORESTRY
UNITED STATES SENATE**

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

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JULY 28, 2011
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OPPORTUNITIES FOR SPECIALTY CROPS AND ORGANICS IN THE FARM BILL

Thursday, July 28, 2011

UNITED STATES SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY
Washington, DC

The Committee met, pursuant to notice, at 10:08 a.m., in Room G50, Dirksen Senate Office Building, Hon. Debbie Stabenow, chairwoman of the Committee, presiding.

Present: Senators Stabenow, Casey, Klobuchar, Bennet, Gillibrand, Roberts, Lugar, Johanns, Boozman and Grassley.

HON. DEBBIE STABENOW, U.S. SENATOR FROM THE STATE OF MICHIGAN, CHAIRWOMAN, COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY

Chairwoman STABENOW. Good morning again. We are very pleased to be here today for the second portion of our hearing to focus on the status of specialty crops and the organic industries. In the 2008 Farm Bill, we made great strides in recognizing specialty crops and organic growers as important partners and contributors to a vibrant American agricultural economy.

Through our efforts, we were able to establish the horticulture and organics title for the first time ever to support specialty crop growers, helping them with pest and disease prevention, organic research and trade assistance for growers hurt by new trade agreements, something critically important for asparagus growers in Michigan.

It is amazing to think that it took until 2008 for fruits, vegetables, nursery products, flora culture to actually have a specific formal role in the Farm Bill, but that is now the case. I am proud to say these important crops are a part of the Farm Bill discussions and their place in the Farm Bill is here to stay.

Specialty crop and organic growers are not only helping to supply healthy products to our schools, our families, our communities, but these farmers are also making a major contribution to the American economy. Sales of U.S. specialty crops top \$65 billion annually with nearly 2 billion of those sales coming from Michigan alone.

Organic sales also contribute to an overgrowing—reaching nearly 29 billion in 2010 and many new and beginning farmers are seeking out opportunities both in specialty crops and organic sectors, proving how crucial these efforts are to encouraging young farmers to begin farming.

As our panelists will tell us, producing specialty crops continues to be a risky business. New and emerging pests and diseases continue to threaten the productivity of our farmers throughout the country and high input costs often mean tight margins and loaded

resources. Specialty crop efforts that have been very successful have been the Specialty Crop Block Grants, the Specialty Crop Research Initiative. I know they have been critical in helping producers manage their risks and expanding opportunities as well.

As the second most diverse agricultural state in the country, Michigan has some great stories to tell and I am very pleased that Mr. Dennis Engelhard is here today to share some of the challenges facing specialty crop growers in my state, as well as his experience working to improve dry bean varieties and provide new market opportunities that address America's nutritional needs.

In addition to Mr. Engelhard, we have a very diverse group of producers from nearly every region of the country, I think, and every kind of operation and size this morning. We are also about to hear from two key officials from the Department of Agriculture who oversee the research, the marketing, pest and disease initiatives, as well as the National Organic Program.

I would like now to turn the podium over to my good friend and ranking member, Senator Roberts. And I know that although Kansas is not generally thought of as a specialty crops state, I recently learned that the State has quite a surge in farmer's markets and I know you do have specialty crops and I know that you are very involved in promoting the Farmer's Market Promotion Program, as well as all the other diversity of crops in Kansas.

And I might say as an aside, I am looking forward in the next month and coming as we do our second field hearing to have the opportunity to be in Kansas and see firsthand.

STATEMENT OF HON. PAT ROBERTS, U.S. SENATOR FROM THE STATE OF KANSAS

Senator ROBERTS. Madam Chairwoman, thank you for holding this hearing. Thank you for the opportunity to go to Michigan on our first hearing and learn firsthand for so many specialty crop growers just how important this whole endeavor is, not only to Michigan, but all over the country.

We have been exploring Section 10 and I have been learning from staff just how important the program is to Kansas. As a matter of fact, I have a question of the witnesses to explain that. People think of Kansas as a model agricultural state, i.e., we are a lot more involved in a lot of other things.

So I just appreciate your holding this hearing. I am looking forward to hearing the witnesses. Since I obviously held up the hearing, I think we better get to them and I have some questions for them. But thank you so much for holding this hearing.

Chairwoman STABENOW. As I said, we are very pleased to have two excellent panelists with us. Yes. Yes, Senator Lugar?

Senator LUGAR. May I take this opportunity, to offer an introduction also to one of our witnesses?

Chairwoman STABENOW. Absolutely. Please do.

Senator LUGAR. On the second panel, we will hear from Glenn Abbett, who is a second generation farmer from LaCrosse, Indiana. Glenn was born and raised in LaPorte County by his parents, Lou and Joan Abbett. Early on he knew he wanted to follow in his dad's footsteps and be a farmer, so he worked on the family farm while going to school.

And after graduating from Purdue University with a degree in mechanical engineering, he joined his dad on the family farm. In the late 1990s, Glenn became the primary manager of the business and the Abbett family now farms 4,300 acres of commercial corn, seed corn, processed tomatoes, soybeans, processed green beans and wheat. Roughly 650 of those acres are processed tomatoes.

Glenn and his dad have been growing tomatoes for Red Gold, Inc. for approximately 20 years. As a grower, Glenn has won many awards, including a prestigious Master Grower Award four times, which honors outstanding quality professionalism and industry leadership. Most recently, in 2009, Glenn won the Red Gold Stewardship award which recognized the grower who demonstrated exemplary leadership to maximize the potential of Indiana's agricultural industry.

He has been married 16 years to Leslie. They have four children, one of whom traveled with him to be here today. Welcome Casey, the son. All of Glenn's children help on the farm in one way or another when they can. Glenn, like his father before him, has dedicated his life to farming and it is Glenn's greatest desire that one of his children will take over in the future. We are delighted to have Glenn and his son here with us today.

Chairwoman STABENOW. Thank you so much. We are very much looking forward to his sharing his testimony with us.

We will proceed now and welcome our two witnesses, and of course, we know you understand we will be happy to take whatever you have in writing and ask that you keep your comments to five minutes in terms of verbal comments so we have an opportunity for questions.

Let me first welcome our first panelists, Ms. Ann Wright, who is the deputy undersecretary for marketing and regulatory programs at USDA. Prior to her appointment, she served as the senior policy advisor to Majority Leader Harry Reid on agriculture issues. She has also held a position as a policy analyst for the Consumer's Union and has worked with farmers and non-profit organizations at the National Sustainable Agricultural Coalition.

So we welcome you, and also Dr. Woteki, Catherine Woteki. Dr. Woteki is the undersecretary for research, education and economics at the USDA. Prior to her appointment, Dr. Woteki served as global director of scientific affairs for Mars, Incorporated, where she managed the company's scientific policy and research on matters of health, nutrition and food safety. She also held several positions as dean of agriculture at Iowa State University and undersecretary for food safety at the USDA, deputy associate director for science and technology at the White House, and chair of the Food and Nutrition Board.

And so we welcome both of you and we would ask Ms. Wright to proceed with your testimony.

**STATEMENT OF ANN WRIGHT, DEPUTY UNDERSECRETARY,
MARKETING AND REGULATORY PROGRAMS, USDA**

Ms. WRIGHT. Thank you. Chairman Stabenow, Ranking Member Roberts and members of the Committee, thank you for inviting me to appear before you today to provide an update on the work undertaken by USDA on Title X of the 2008 Farm Bill. My name is Ann

Wright and I serve as deputy undersecretary for Marketing and Regulatory Programs at USDA. MRP's Agricultural Marketing Service and the Animal and Plant Health Inspection Service are the primary agencies with responsibility for implementing Title X.

The overall farm economy continues to remain strong with U.S. agricultural exports, farm cash receipts and net farm income projected at or above previous record levels in 2011, with a crop value of roughly \$57 billion. Specialty crops play an important role in contributing to the country's robust agricultural economy.

As for the organic industry, they are viewed as the fastest growing sector of agriculture. According to industry statistics, U.S. sales of organic food and beverages have grown from \$1 billion in 1990 to an estimated 26.7 billion in 2010.

Title X of the 2008 Farm Bill represented the first time that a Farm Bill title was devoted exclusively to addressing the needs of specialty crop and organic growers. Knowing how important these programs are to the vitality of the industry at large, we have worked to make delivery of these programs a success. The Agricultural Marketing Service administers two important Title X grant programs, the Specialty Crop Block Grant Program and the Farmer's Market Promotion Program.

The Specialty Crop Block Grant Program enhances the competitiveness of the specialty crop industry, including horticulture, through tailored projects that address state needs and priorities. Much of the program's success and importance is based on the fact that states and their growers can define and address priorities and respond to emerging issues and opportunities in a timely way.

For example, the State of Michigan recently used block grant funds to increase participation of grape growers in the state's successful Michigan Agriculture Environmental Assurance Program. In Montana, the State is using block grant funds to develop a more economical method of potato production.

While projects differ from state to state, they share the same goal of increasing the success of the specialty crop industry, keeping farmers farming and rural communities thriving. The other important AMS grant program in Title X is the Farmer's Market Promotion Program. This program improves and expands direct marketing opportunities for growers, such as Farmer's Markets, community-supported agriculture programs and agri-tourism activities. The program is funded at \$10 million in Fiscal Year 2011 and 2012.

AMS administers the National Organic Program. For this fiscal year, the NOP is funded at \$6.9 million. Reauthorized in Title X of the Farm Bill, the National Organic Certification Cost Share Program makes funds available to organic producers and handlers to help cover or defray the cost of certification. Organic certification is an annual and sometimes costly process which can create barriers for entry for small and mid-sized farmers and ranchers.

Through the cost-share program, Congress has recognized the opportunity to support beginning, small and mid-sized producers who make up a significant percentage of this growing industry. AMS plays a critical role in administering Section 32 funds which are used to purchase non-price-supported surplus commodities for distribution to federal nutrition programs.

Annually we purchase approximately \$1 billion in commodities for distribution to various nutrition assistance programs such as our National School Lunch Program, food banks and soup kitchens.

The 2008 Farm Bill directed USDA to nearly double the Section 32 specialty crop purchases required in the 2002 Farm Bill and in 2011, AMS plans to purchase over \$400 million. The 2008 Farm Bill gave APHIS two additional tools to protect agriculture and specialty crops. Both programs, the Plant Pest and Disease Management and Disaster Prevention Program and the National Clean Plant Network, have proven to be highly effective and widely supported by stakeholders and industry.

Through the Plant Pest and Disease Management and Disaster Prevention Program, or Section 10201, APHIS has partnered with numerous states, tribes, universities and other communities to strengthen and expand the scope of APHIS' pest and disease prevention activities. While many see pests as just that, pests, to America's specialty crop growers they can mean serious business disruptions.

For example, if left undetected, the discovery of a plant pest or its vector on a wine grape orchard in New York or a citrus grove in Texas can escalate into a domestic and international quarantine, loss of market opportunities and costly mitigation and eradication interventions.

Section 10201 allows APHIS to address emerging pest and disease outbreaks in those critical early states, hopefully resulting in far less economic impact to growers and communities who depend on them.

The second Farm Bill program, the National Clean Plant Network, develops and produces clean propagative plant material so that should plant pest or disease strike, clean plant material is available to states, private nurseries and producers. Essentially it is an insurance policy that guarantees that there will be a fresh stock of disease-free plants.

AMS and APHIS undertake numerous activities to facilitate the competitive and efficient marketing of U.S. agricultural products, as well as to protect and safeguard critical sectors of U.S. agriculture. I hope that this testimony and the subsequent question and answers will prove useful to the Subcommittee as you undertake your work on the next Farm Bill. Thank you.

[The prepared statement of Ms. Wright can be found on page 88 in the appendix.]

Chairwoman STABENOW. Thank you very much. Dr. Woteki.

STATEMENT OF CATHERINE WOTEKI, UNDERSECRETARY OF RESEARCH, EDUCATION AND ECONOMICS, USDA

Ms. WOTEKI. Good morning Chairwoman Stabenow, Senator Roberts, Senator Lugar, Senator Johanns. It is a real pleasure to be testifying before you today about some of the recent advances in specialty crops research, as well as our research, education and extension activities that relate to organic farmers as well. I have a longer written testimony that I have submitted for the record and I will be summarizing those comments.

As you already made reference to Chairwoman Stabenow, in your opening remarks, the Specialty Crops Competitive Act provided us

with a definition of specialty crops and the 2008 Farm Bill provided some new and very important provisions, not only in Title X that my colleague has been describing, but also in Title VII, the research title for which I have responsibility for implementation. In that title we created the National Institute of Food and Agriculture, as well as additional programs that support specialty crops and organics through research, education and extension.

The approach that we have taken for specialty crops and organic agriculture actually go beyond the very specific provisions that relate to specialty crops. We have taken a multi-agency, multi-disciplinary approach that involves all of the four agencies in the research, education and economics mission area. And as you pointed out, specialty crops and organic agriculture are very important. The 2007 census of agriculture valued specialty crops at \$67.4 billion. And while they only represented 12.7 percent of harvested crop acreage in 2007, they were almost 47 percent of U.S. crop value and employed nearly 1.4 million people.

So another interesting development out of the census of agriculture was the finding that beginning farmers are more likely to be involved in specialty crop production and we are also aware that the largest segment of the emerging organic agriculture sector is in specialty crops.

The 2008—I am sorry, the 2004 Specialty Crops Act also established a subcommittee within the National Agriculture Research, Education, Extension and Economics Advisory Board that has recently held hearings in Michigan just the last week and heard from representatives of Michigan specialty crop industry. The committee is now working to compile its findings and I am awaiting their report and that will also be provided to the Committee.

I would like to just briefly now highlight some of the findings that are described in greater detail in the written testimony, but with respect to the research programs that we support in the university community, the Specialty Crop Research Initiative has in the 2008 Farm Bill been authorized at \$230 million for five years, from 2008 to 2012, and it is dedicated to developing and disseminating science-based tools and technology. Even though the research projects that are funded under this have not yet reached completion, growers and consumers are already benefitting from this investment.

And just two brief examples. Water availability, it is really critical for agricultural use and one project in California has the potential to reduce water in grape production by a range of 150 to over 300 billion gallons a year. This amount of water would be the daily household water needs of over six million Americans for an entire year, so very major savings.

Second example is in the tree fruit crops. Harvesting accounts for about half of production costs and one of the grants developed an augmented harvesting system for apples that is also applicable for peaches, apricots and nectarines. It has been developed. It is now in the commercial testing phase and that full-scale field experiment is now in progress and expected to demonstrate at least a 25 percent increase in worker productivity and reduction in fruit bruising and leading to increased quality.

NIFA also offers the Organic Agriculture Research and Extension Initiative, specifically supporting organic agriculture through the integration of research and extension activities. These grants programs for this year are currently under review and the program is expected to fund \$19 million in this year.

Our Intramural Research Programs reflect a long-term investment. For example, the Agriculture Research Service support specialty crops through its critical germplasm collections. These are resources for crop breeders. The statistics agencies, the Economics Research Service and the National Agricultural Statistics Service, provide very important data and analyses that are also important for the specialty crops and the organic agriculture.

So from our perspective, the pathway forward is very clear. We are looking to leverage the USDA science investment for the continued success of the specialty crops and organic industry.

In this time of fiscal austerity, we are committed to maximizing the return on the investment of federal dollars in science, education and extension activities. We are working to coordinate across the agencies with their stakeholder engagement and we are committed to conducting the foundational pre-commercial scientific research to develop educational tools based on that and provide them to farmers by using our cooperative extension network.

I am going to be pleased to answer any questions you may have.

[The prepared statement of Ms. Woteki can be found on page 80 in the appendix.]

Chairwoman STABENOW. Thank you very much, to both of you. And before proceeding with questions, I know that Senator Johanns wanted to make a comment.

Senator JOHANNNS. Madam Chair, thank you very much. And I know this is out of order, but I do have to leave for another meeting, so I really thank you for the opportunity to say a word about a very, very good friend who I just want to offer my best wishes to, and that is Dave Johnson, on his impending retirement.

When I was secretary of Agriculture and we were drawing ideas and putting them together for a proposal to Congress about some changes in the Farm Bill, it was Dave and a very small group at the USDA that actually put pen to paper. And his work ethic, his knowledge of ag policy is just literally unrivaled and I could not have done what I did without his assistance.

I want to also say I cannot imagine doing a Farm Bill without Dave Johnson. How does that happen? He has been a part of the Farm Bill process on four different occasions, which is a significant amount of history. Dave leaves with my appreciation, my gratitude and my prayers and best wishes for everything that is ahead of him and I thank you for this privilege. It was very important to me personally that I say a few words about Dave. Thank you.

Chairwoman STABENOW. Thank you, Senator Johanns, and Senator Roberts had indicated earlier his comments and we all share in that. And Dave, do not get too far away. We will have to see if we can get you back to help with the Farm Bill. So thank you very much for those comments.

We will proceed now to questions. Let me start, Dr. Woteki, about research and innovation, which is so important, a very im-

portant tool for our farmers as they're managing risks to be successful. We all know that a wide range of research is needed.

My concern is that despite the need, agricultural research continues to lag behind other research funding. In fact, there are over \$400 million in expiring programs in the research title, including the Specialty Crop Research Initiative, and we have lost over \$130 million due to the elimination of the Congressionally-designated projects, which we have dubbed earmarks.

We have changed that process. We are not doing that anymore, and yet, that has been a primary way that we have provided dollars for universities when I think of Michigan State University in Michigan. And so we need to find other ways in which we can come together to be able to address that as this process has changed.

So I wondered if you might speak to how your agency is balancing the increased demand with reduced funding, any thoughts that you would have about how we need to move forward in changing the process around research to make sure that we are focusing particularly on the real world impacts for farmers.

Ms. WOTEKI. I think that question hits on one of my central concerns, and that is that at this point in time, with all of the challenges that are facing farmers in the U.S., the provision of new technologies that are going to help them be successful is extremely critical.

Those new technologies come out of research. They come out of developmental activities that occur in the private sector and that build on the kind of foundational research findings that come from the intramural and the extramural research programs that are supported at USDA. I do think it is extremely important that attention be given to the very important role that the investment in research and extension play in agricultural productivity.

Just this week, the Economics Research Service has issued a report that will make available to the Committee, that projects out to the year 2050 what the effects will be on agricultural productivity under three different budget scenarios. One would be maintaining at constant dollars the current investment. The second scenario is assuming that the agricultural research and extension investment keeps up with inflation, and that assumption is that it would lead to an increase in the level of funding of 3.7 percent per year.

And the third scenario is 1 percent additional growth on top of that, so a 4.7 percent increase. And it projects out what the effects are going to be on agricultural productivity. At the constant dollar approach, we will not be able, under the projections, to meet the demands for food in the United States. Our agricultural exports would go down.

So to your point, there are emerging some very important analyses that I think will help to inform your viewpoints, the Committee's viewpoints about the necessity for maintaining these investments in agricultural science, our extension programs, as well as higher education, because we need to be training the students that are going to continue this research and education activity.

Chairwoman STABENOW. I could not agree more. Ms. Wright, if you could speak to what is a major concern for specialty crop growers, and that is pest and disease problems. You have spoken to that

already, but we have a number of different issues in Michigan, the brown Marmorated stink bug and things with funny names that are not funny actually, to farmers, the Spotted Wing *Drosophila* and bugs that are having major impact on producers.

Obviously, prevention, early detection is very important. This goes back to partnership with research and so on on how we are going to address this. But it is my understanding that in 2011 the request for funding for plant pest and disease management and disaster prevention, the request, the need was \$125 million, nearly three times as much as the funding that was available.

And so could you talk about how you determine your priorities in funding as it relates to the states and projects, given the tremendous need and what we are hearing, particularly from our specialty crop growers?

Ms. WRIGHT. Thank you for the opportunity to talk a little bit about some of the challenges that we at the department are facing when it comes to doing more with less. I think across the department, we are taking an approach that was outlined by Undersecretary Woteki when it comes to better understanding how we implement our programs at different funding levels.

I think within APHIS we are looking hard at our core plant and protection programs and trying to better understand where those dollars that are being spent and allocated are being effective and where with some of our ongoing disease management programs we are seeing we have to cut back.

And so we are doing that kind of looking at where dollars can be used most efficiently in our battle against pest and diseases and where we can target dollars to address new and emerging diseases more effectively. So I think we are able to do that and we are feeling comfortable that we are not leaving the industry at risk under any one of those scenarios. I think some of the programs that I outlined and that we are talking about here today that are new to the Farm Bill are helping in that effort and so moving forward we will continue to stay focused on keeping the industry strong.

Chairwoman STABENOW. Thank you very much. My time is more than up. I will submit some questions to you later about some of what is happening at the borders in Michigan, as well. We have—two weeks a new—the customs checkpoint in Port Huron found a new type of beetle, the Capra beetle. It is one of a number of different challenges we have had at the border in terms of beetles coming in on wood and trash and so on.

So continue to work with you on those areas, because we have a number of different challenges in this area and we need to work with APHIS on. So thank you. Senator Roberts.

Senator ROBERTS. Thank you, Madam Chair. The department obviously plays a very prominent role in bringing plants to market that deliver multiple benefits to farmers and consumers. It's important for the department to maintain a leadership role in the review process outlined in the coordinated framework between the Department of Agriculture, FDA and the EPA. And I appreciate that new products have been approved this year, but I am concerned and I think most on the Committee are as well, about the overall length of time that the process is taking.

Would you comment on the USDA's role in the coordinated framework and the time frame for the review of the new products and having said that, if you really do not want to take time to answer it now, by a written response after the hearing is just fine. But I think it is terribly important in regards to the length of time that it is taking.

Would you comment?

Ms. WRIGHT. Thank you, Senator Roberts. I want to make sure I understand your question. You are talking about the regulatory process that APHIS oversees when it comes to biotechnology products?

Senator ROBERTS. Yes. Yes, ma'am.

Ms. WRIGHT. We would be happy to submit to your staff some of the long-range plans or at least Fiscal Year 2011 plans we have in place for moving products forward, moving decisions on products forward.

The secretary has emphasized the importance of improving efficiencies around our regulatory process so that we can in a timely way put together important environmental documents, as well as regulatory justifications for our decisions that are defensible and that stand the test of time, and do that in a way that we are supporting the industry and moving technology forward. That is something that this administration is supportive of and the secretary of Agriculture is supportive of.

Senator ROBERTS. I know the president issued an executive order January 18 asking all agencies to submit a cost benefit study or to take a look at all of the regs that they have been promulgating and future regs. There are a few loopholes that we have tried to do in a bill that I have introduced to take those loopholes and to codify the president's executive order.

He deserves a lot of credit for doing that and I know the department is doing its best to do exactly that, and that you cannot go anywhere today in farm country, or for that matter, anywhere without somebody standing up and saying what on earth are you doing drowning this in regulations that do not make sense or they might put me out of business. But thank you for that and we will look forward to that report.

Now, let's see here, back to specialty products. Specifically the plant pest and disease management and disaster prevention program, you have mentioned this program is widely supported by industry. It is over subscribed. Can you provide us with further information about the program, specifically in addition to the 50 million funding allocated in Fiscal Year '11? Congress appropriated another 248 million for pest disease prevention, eradication and mitigation.

Now, my question really is, how does this program differ from the funding that Congress appropriates annually for pest and disease eradication and mitigation? Is there some duplication here that should be addressed given the current realities of the budget situation, and if so, how do you recommend we address?

Ms. WRIGHT. Thank you again for the opportunity to talk about some of these important programs. I think the section 10201 program, which was authorized by Congress, outlined sort of six priorities that kind of govern or direct APHIS in their approach to ad-

ministering that \$50 million. And the ultimate goal, I think, is to engage the states around the surveillance and detection and rapid response to some of the threats to specialty crops in a way that we save dollars over the long run.

So we are putting in place an infrastructure that actually, hopefully—

Senator ROBERTS. Why don't you include that in the information that you are going to provide the Committee and I am going to skip over here some other questions that I will submit for the record and move on to Undersecretary Woteki.

Too many questions. Are there any funds available through Section 32 to address the disaster we are going through with the midwest floods and the drought? And I'm asking Undersecretary Wright. What other resources are available at USDA? We are burning up out there, but we are—it is as bad as it was in the thirties.

Ms. WRIGHT. The secretary does have the authority to transfer Section 32 funds to address disaster assistance and there are funds in the account right now.

Senator ROBERTS. Okay, I appreciate that. I will get in touch with Tom and you can as well.

Undersecretary Woteki, thank you for the work you do. I appreciate your partnership and your cooperation. I know I am over time 30 seconds, but that is the way it goes. Feel like I was in the tunnel there with traffic.

The State of Kansas and Kansas City University were selected to be the home of the new national bio and agri defense facility and I know that you are very familiar with that, that is, the Department of Homeland Security is building to replace Plum Island. Our state has offered up the use of the Bioresearch Institute, the BRI—that is a level three lab—to begin shifting research from Plum Island to the new Kansas location. Kansas has also offered up cost share money to help the department expand its research in specific disease threat areas.

Can you tell me where we are in the process of beginning to transfer this research to the new location, also take advantage of the cost share Kansas has said it will provide, and where are we in completing a memorandum of understanding with Kansas State and the State of Kansas on this front?

Ms. WOTEKI. Thank you, Senator Roberts, for those questions about what is an extremely important facility, both for our research programs as well as for the programs that APHIS administers with respect to protecting our livestock from animal diseases that occur in foreign countries, but are not yet here in the United States.

We are working very closely to develop a plan for the transition of our research programs on our part and APHIS' programs from Plum Island into the new facility that will be built at Kansas State University to replace Plum Island. We would be happy to meet with you, share those plans, where they stand right now.

As I think you have been briefed and your staff has been briefed, we are currently working on a site-specific risk assessment, the second of these that will be completed in January of next year and is the subject of a review by the National Academy of Sciences.

Senator ROBERTS. You have been very helpful in that, in providing information to the NAS, which I think was, quite frankly,

rather sophomoric in their approach and in terms of accurate science. We met with the panel, we meaning Senator Brownback. He is now governor. And it was a little bit beyond me in terms of what they reached.

But the Congress and the House has approved the money to start this project. In the meantime, we need to get people moving and get this project going. And so it is the memorandum of understanding that I am really interested in and if you could provide our office with that I would greatly appreciate it.

And thank you so much for your help in the understanding of how critical this is in regards to the food security of the country. And my time is way over time, Madam Chairwoman, so I will cease and desist.

Chairwoman STABENOW. Thank you very much. Senator Gillibrand.

Senator GILLIBRAND. Thank you, Madam Chairwoman, and thank you, Mr. Ranking Member, for your excellent questions. We enjoyed them.

I would like to address first with Deputy Undersecretary Ann Wright. I understand you are taking the lead in the Healthy Food Financing Initiative at the USDA. That is one of the issues that I have really taken a prominent role in the Senate on because I think it is very important that we fully fund these initiatives in the appropriation process, both in the '11 and '12 budgets.

Additionally, I am the lead sponsor of a bill called Healthy Food Financing Bill that will place full authority under the USDA to implement the essential program to solve our food desert problem. Therefore, I want to talk to you about the food desert map locator that you released on the USDA.

Now, as it is currently functioning, it is not actually addressing major food deserts in New York City because of the nature of how it considers distance. Now, New York City is unique because we have food deserts, significant food deserts in Harlem, Bronx and Central Brooklyn, parts of Queen and Staten Island. And in New York, we have growing issues of childhood obesity, of Type II diabetes, cardiovascular disease, even in young children. And so we have to solve this food desert problem.

So I would like to know how you are addressing that problem in the program currently, because we do not have transportation networks that reach to all markets and people do not drive in New York City. They often take public transportation, and for seniors, they cannot necessarily carry groceries long distances and walk to the local market.

So what are you going to do to fix this problem?

Ms. WRIGHT. Thank you for that question and thank you for your leadership on this issue; it is recognized and very much appreciated.

When USDA, the Department of Treasury and Health and Human Services began their work on trying to better understand food deserts or communities across the country that did not have easy access to health food options, we were very much challenged to come up with a definition and a tool that addressed needs nationwide in both rural and urban communities.

And we are increasingly aware of where this tool and this definition failed to capture some of the nuances of cities, densely populated areas. And I think two things, one we stay open, moving forward to working with cities like New York City that have invested heavily in better understanding their populations with groups across the country who are developing their own data sets and mapping tools to improve what we can offer.

But we also want to be very clear that our definition and our map are not determinants of eligibility. What we are looking for are ways that communities are addressing the individual needs of their community, whether you are New York City or whether you are a small rural town. And we want to make that clear and we will be doing that.

We are providing a frequently asked questions document on the Economic Research Service website and we will be reaching out to stakeholders and local communities and governments around the country to make that clear.

Senator GILLIBRAND. Well, I hope you will change the website still, because it is really important, because so much of this is about awareness and we want to be able to track grocery store chains, other important participants in solving the problem to focus on these inner city areas that really you cannot buy Whole Foods fruits and vegetables at an affordable rate for some of these communities.

So I urge you to at least put some discretion into your model so the human mind can intervene and say well, this is clearly a food desert, even though our model does not track it. I think it is important for educational purposes and for awareness that it is very obvious to everyone that these food deserts are located still in New York City.

Ms. WRIGHT. Thank you.

Senator GILLIBRAND. Thank you. Second point, New York City is home to the highest volume produce market in the country. We have this place called the Hunts Point Terminal Produce Market. It has 3,600 employees, an estimated annual revenue of \$2 billion. It serves as a spot market for growers all across the country and with access to 23 million residents in the New York City metropolitan area, a significant core of the country's population is served by this market.

So I am wondering if USDA's contemplating using its resources to help fund the infrastructure necessary to widely distribute specialty crops.

Ms. WRIGHT. I believe that the agricultural marketing service staff who do a lot of work on our food hub issues are meeting with some of the folks at Hunts Point this week to talk about opportunities and to explore where we can be helpful in growing that market.

Senator GILLIBRAND. Thank you. And then for Undersecretary Woteki, just one question. We have heard from a lot of our organic producers that some of the USDA staff are actually unfamiliar with organic practices and programs or have certain biases against these practices, making it hard for organic producers to come to their local FSA or NRCS offices for help.

How has the USDA worked to educate its field staff to better understand the needs of these producers?

Ms. WOTEKI. First of all, thank you for bringing this to my attention. I did not realize that we were having these problems. We will certainly look into it.

There are a wide variety of background information that is available that we can make available to those field offices about the importance of this very growing sector of agriculture, so we will look into that.

Senator GILLIBRAND. It is a very significant economic opportunity, not only for New York, but for the country. Organic products currently make up 4 percent of all food sales and organic fruits and vegetables up to 12 percent of the U.S. fruit and vegetable market. So we want to continue to look to the organic market as a revenue producer for our economy and give those producers as many resources as necessary to continue to grow those markets.

Ms. WRIGHT. If I might take a stab at answering that question. I do know that we have entered into a cooperative agreement with a non-profit that is doing training of NRCS staff across the country and they have developed a curriculum to do that. And we are looking into an online ag learn program that will educate USDA staff in organic production practices.

Senator GILLIBRAND. Perfect. Thank you so much, both for your service and your dedication.

Chairwoman STABENOW. Thank you very much. Senator Lugar.

Senator LUGAR. Secretary Wright, as we've discussed the Farm Bill in 2007 once again, we came up against the fact that for what were good reasons at the time during the Franklin Roosevelt Administration there were restrictions on what could be planted on how many acres on various farms. And in 2007, I introduced what was named the Farm Ranch Equity Stewardship and Health Act, the FRESH Act, which would provide a true insurance based safety net for all farmers regardless of what did they grow.

That particular act was not successful, although we had a varied discussion of it in terms of modification of those kinds of restrictions. I have re-introduced the Farm Flexibility Act, and this legislation would permit producers to grow fruits and vegetables for processing while maintaining their historical base acres. This is one small step in liberating this decision making.

I do have an opinion about that, or the importance of that, and I raise it because it is a source of difficulty for specialty crop farmers in my home state of Indiana. Whether they are producing tomatoes or apples or what have you, they run up against these restrictions that really date back to the 1930s.

Would it be helpful if they were liberated?

Ms. WRIGHT. Thank you, Senator Lugar. Well, as you know, the marketing regulatory program mission area does not administer that flex pilot that was authorized in the last Farm Bill, but I am aware of it and I know that our staff at FSA has been doing outreach in those seven states that are part of the pilot and trying to encourage participation.

I do know that the Economic Research Service issued a report early this year looking at some of the challenges of that pilot and will allow my colleague here to address that.

Senator LUGAR. I would welcome that comment by Dr. Woteki.

Ms. WOTEKI. Well, as Undersecretary White has already made reference, the Economic Research Service did earlier this year produce a report on the effects of this pilot program. It demonstrated very small. They used the term "modest effects." We would be happy to share those results with you if you would like a briefing on it, to provide it to you as background.

Senator LUGAR. That would be helpful if you would brief our staff on those findings and that will at least make our discussions more informed as we proceed.

Ms. WOTEKI. Certainly.

Senator LUGAR. Let me just ask another question, Dr. Wright. In the 2008 Farm Bill, we amended the Farmer's Market Promotion Program to include the so-called agri-tourism promotion as a category for eligible funding. We provided \$33 million in mandatory funding for five years.

Could you discuss the status of that program and what has proceeded under it?

Ms. WRIGHT. The program this year and next year will be administering \$10 million in competitive grants and what I can do for you is to get you a list of those grants so that you can see and we can see where there has been an uptick or an increase in demand for efforts in and around agri-tourism.

It definitely is a program that tries to support direct marketing activities and historically has been seen as a program that supports farmer's markets. And I think there is growing interest and growing awareness in other opportunities outside of farmer's markets, which includes agri-tourism.

But if you would allow, we will get you a report that outlines some of those activities that have been funded that are specific to agri-tourism.

Senator LUGAR. That would be helpful. I would be delighted to have both reports in regard to my first question as well as the second.

Ms. WRIGHT. I am sorry; did I not answer both questions?

Senator LUGAR. No, you did answer the first one by indicating that a survey had been held in seven pilot states and what have you. And so we will take a look at that one also.

Thank you very much. Thank you, Madam Chair.

Chairwoman STABENOW. Thank you very much. Senator Casey.

Senator CASEY. Madam Chair, I think I will submit questions for the record in the interest of time because I have an important introduction on the second panel.

Chairwoman STABENOW. Yes, we are well aware of that and we will turn to you at the appropriate time.

Senator CASEY. Thank you.

Chairwoman STABENOW. Senator Grassley.

Senator GRASSLEY. I have no questions, Madam Chair.

Chairwoman STABENOW. Well, thank you very much. Well, we thank both of you very much. We appreciate your leadership and you both hold very important positions and we look forward to continuing to work with you as we develop the next Farm Bill, as well as focus on an ongoing basis on the issues that you oversee. So thank you very much.

[Pause.]

Chairwoman STABENOW. Well, welcome. We are so pleased that all of you are here with us today and we very much value all of your input this morning.

Let me begin introductions. I know colleagues have introductions that they would like to make as well, but first let me start our first witness. Mr. Dennis Engelhard is from Michigan—and it is so great to see you again—owner of Engelhard Family Farms in Unionville, Michigan, where he grows pulse crops and wheat and serves as the president of the U.S. Dry Bean Council and is a member of the Michigan Dry Bean Committee and the Tuscola Farm Bureau. Very much appreciate your being here today.

And also, I am going to turn now to Senator Casey for our next introduction.

Senator CASEY. Thank you, Madam Chair. I am honored to be able to introduce Kim Tait from Pennsylvania. Kim, I did not have a chance to say hello to you today, so I am going to pretend my arm can reach down there and say hello. I did not have a chance to do that between—I should have done it between the panels.

But we are grateful that Kim is with us today. I met Kim in 2007. We had a meeting in Pennsylvania among a number of women who are playing significant and very important roles on farms in Pennsylvania.

Kim is from both Centre Hall, Pennsylvania, and that is within Centre County. One of the last times we spoke was in her home area. Kim is an organic farmer and has had success as a business woman as well as a farmer. She has a wide range of certified—or I should say, she operates Tait Farm Foods where she grows a wide range of certified organic fruits, vegetables and green house projects.

Her operation includes a community-supported agriculture product, a value added facility and on-farm retail store and several education and research partnerships. She serves on an agricultural advisory committee that I set up to help me better understand some of the challenges we face in agriculture. She is a founding member and past vice president of the Pennsylvania Association for Sustainable Agriculture.

Kim, we are grateful you are here. We are looking forward to your testimony and we are of course proud that a Pennsylvanian is on this panel. Thank you very much.

Chairwoman STABENOW. Thank you very much, Senator Casey. And now I am going to turn to Senator Gillibrand for the next introduction.

Senator GILLIBRAND. Thank you, Madam Chairwoman. I am very pleased to welcome a New Yorker, Paul Bencal, who is a grape producer from Ransomville, New York in Niagara County in Upstate New York. Mr. Bencal's farm consists of 50 acres of vineyards, producing Concord and Niagara Juice grapes.

He has been operating his farm since 1973. Grapes are a very important part of New York's economy. In 2010, New York produced 35.2 million pounds of grapes worth \$68.4 million. We are the third largest grape producer in the country, which we are very, very proud of.

In Upstate New York, tourists flock to enjoy the use of our vineyards since we have some of the most scenic agricultural lands in the country. The juice grapes that Mr. Bencal's farm produces are nutritious sorts of vitamins, nutrients and anti-oxidants, and with the obesity rate skyrocketing, pure grape juice provides a healthy and very delicious beverage option.

Beyond farming the world's best grape juices, he also serves as a leader to a number of New York's organizations. He is chairman of the Lake Erie Regional Grape Extension Team, the District 2 director of the New York Farm Bureau and a delegate for the National Grape Cooperative.

Mr. Bencal, welcome to the Senate Agriculture Committee. We thank you for traveling to D.C. today and to hear about your experience of New York grape growers as we prepare for the 2012 Farm Bill.

Mr. BENCAL. Thank you very much, Senator. Pleased to be here.

Chairwoman STABENOW. Thank you very much. And our next panelist comes to us from Hickman, California. Great to see you. Mr. Robert Woolley is the owner of Dave Wilson Nursery, a multi-generational family business that grows planting stock for fruits and nut trees, both for orchard plantings and retail sales. Mr. Woolley has also served as a member of the National Clean Plant Network (Tier 2) Governance Committee for fruit trees and we are so pleased to have you here today.

And also, Senator Lugar, you had introduced Mr. Glenn Abbett before. I do not know if there is anything else you would want to add at this point?

Senator LUGAR. No, I just look forward to his testimony.

Chairwoman STABENOW. Terrific. And last, but certainly not least, we have Mr. Charles Wingard, who comes to us from, is it Pelion?

Mr. WINGARD. Pelion.

Chairwoman STABENOW. Pelion. I am sorry, Pelion, South Carolina, where he is the director of field operations at W.P. Rawls and Sons. Mr. Wingard works to produce both value added and fresh cut products, including greens, peppers, zucchini, and I assume the great carrots that we just all received. This is terrific. We are going to eat well today.

He serves as a member of the United Fresh Produce Association's government relations committee. And I also understand that your daughter, Mary Grace, successfully lobbied for collard greens to become the state vegetable of South Carolina and she is just nine years old. Do I understand that?

Mr. WINGARD. That is correct, yes, ma'am.

Chairwoman STABENOW. We have an up-and-comer here. I think we may have a future member of the United States Senate coming up. Is she with you here today?

Mr. WINGARD. No, ma'am. She is in a play tomorrow night and she had dress rehearsal last night. My wife did not think she should make the trip. I flew up. Am going back tonight.

Chairwoman STABENOW. Well, please give her our congratulations and best wishes in all of her efforts.

Senator ROBERTS. Madam Chair?

Chairwoman STABENOW. Yes.

Senator ROBERTS. Could I ask what part of South Carolina the gentleman is from?

Mr. WINGARD. I am from the middle part of the state, Lexington County.

Senator ROBERTS. Sure.

Mr. WINGARD. Right in the Midlands.

Senator ROBERTS. My wife is from South Carolina.

Mr. WINGARD. I understand that. I think Richland County?

Senator ROBERTS. She is from Sumter.

Mr. WINGARD. Sumter. That's the better part.

Senator ROBERTS. But it is not too far away. I learned early you can take the girl out of the South, but not the South out of the girl.

Mr. WINGARD. You got a good one.

Senator ROBERTS. Good luck to you.

Chairwoman STABENOW. She will be glad to know that collard greens is now the state vegetable of South Carolina—

Senator ROBERTS. I am sure she will. She will be delighted.

Chairwoman STABENOW. —as a result of Mary Grace Wingard. So thank you very much and we would now like to turn to all of our witnesses. And of course, as we have indicated before, we ask for five minutes of verbal testimony so we have time for questions, and we would be glad to accept anything else that you have in writing.

So welcome. Mr. Engelhard.

**STATEMENT OF DENNIS ENGELHARD, OWNER, ENGELHARD
FAMILY FARMS, UNIONVILLE, MICHIGAN**

Mr. ENGELHARD. Good morning, Chairperson Stabenow, Ranking Member Roberts.

Chairwoman STABENOW. You need to push your button.

Mr. ENGELHARD. Committee members.

Chairwoman STABENOW. There you go.

Mr. ENGELHARD. There. We are on air. Thank you. I really appreciate the opportunity to talk to you this morning. As Senator Stabenow indicated, I do farm in Tuscola County, which is one of the largest agricultural counties in the country. It is also one of the leading dry bean producing counties in the country.

I live on the farm that my great grandfather homesteaded in 1892. My son will be the fifth generation of my family that has been involved in production agriculture.

I am here representing dry beans and dry beans are responsible for about 18 percent of the specialty crop production in the United States. We have always been kind of a bystander in the farm legislation. We have typically used the restricted planning clause to take the place of other subsidies, direct payments, and we simply use that as a tool to have a stable market for the crop that we grow.

In the last Farm Bill, we began to see through the Specialty Crop Block Grants how valuable research was in not only making our crop better, our industry better, but it also was, as you look at specialty crops as a whole, I think Senator Stabenow has seen how valuable they are to this country as a whole, and some the goals that our nation has.

So the first thing I would like to talk to you about today is the Pulse Health Initiative. The Pulse Health Initiative is a joint venture between the United States Dry Bean Council and the United States Dry Pea & Lentil Council. Pulse has grown in 24 states every year and they are processed in an additional 13 states.

The PHI started with a planning session in March of 2010 at the ARS facility in Beltsville, Maryland. This planning session brought together leading pulse researchers from across the U.S. and included a number of ARS staffers as well.

We looked at three significant research areas at this planning session, first of all, health and nutrition. Pulses are low in fat. They are a fundamental source of fiber, protein and they are very high in folates. Pulse crops provide an outstanding health and nutritional benefit that not only contribute to a healthy lifestyle, but can also help reduce serious health problems.

The yearly indirect cost of obesity is seen as nearly \$450 billion a year. Pulses could be part of that answer. While existing research of dry beans, dry peas, lentils and chick peas is certainly valuable, it is just the tip of the iceberg. There is much more to be studied in pulse crops in order to unlock their full potential for preventing nutrition-related health problems that plague our world.

We also looked at sustainability. We talk about population growth. Nine billion people will be on our planet by the year 2050. This creates tremendous pressure to produce more food on fewer acres. Pulse crops can be an integral component in designing sustainable production systems that will effectively utilize limited land and water resources.

For example, it takes 1,857 gallons to produce one pound of beef. It takes 469 gallons of water to produce one pound of chicken. It takes 216 gallons of water to produce a pound of soybeans, but it takes only 43 gallons of water to produce a pulse crop that is so valuable in our food system.

We also looked at functionality and end use to better utilize the health and nutrition aspects and the sustainability aspects of pulses. We need additional research in the functional use of pulse crops such as milled flour and ingredients. We also need to develop more convenient ways to bring pulses into our diet.

In short, the Pulse Health Initiative would allow us to gradually refocus our research efforts to make America more healthy and environmentally sustainable. I just also want to make a few points about some other things that are very valuable to us in the specialty crop industry. The Specialty Crop Block Program has been referred to repeatedly here this morning and it is being used very successfully. There are 66 applicants for block grants in Michigan this year. In the dry bean industry, we are using them to evaluate and further the use of more modern practices like direct harvest and also narrow rows to help producers keep edible beans in their production systems.

We also just want to laud the value of the foreign market program—Foreign Market Development program and the MAP, Market Access Program. These are effective partnerships for many specialty crops and certainly in dry beans where we export one-third of our crop and contribute to the balance of trade.

The only other thing I want to mention is the crop insurance. Farmers really do not mind bearing the cost of their risk management, as long as they have effective programs. Crop insurance has done a very nice job for us. The specialty crops need to be reviewed to make sure that there are opportunities to protect our risks in the face of bad weather.

In conclusion, the Pulse Health Initiative, I believe, is the shining star of my presentation this morning. I would encourage all of you to become fully aware of the benefits that are available through that program and that you would consider using it as part of your vocabulary as you develop this Farm Bill. Effective farm legislation has been a real key in keeping cheap, safe, American—cheap food in front of all Americans and we appreciate the efforts that have been made in that in the past and we look forward to the continuation of that in the 2012 Farm Bill. Thank you.

[The prepared statement of Mr. Engelhard can be found on page 58 in the appendix.]

Chairwoman STABENOW. Thank you very much. Ms. Tait.

**STATEMENT OF KIM TAIT, OWNER, TAIT FARM FOODS, INC.,
CENTRE HALL, PENNSYLVANIA**

Ms. TAIT. Good morning. Thank you. Chairwoman Stabenow, Ranking Member Senator Roberts, and Senator Casey and the other members of the Senate Agricultural Committee, I am Kim Tait and I am the owner of Tait Farm Foods. I am testifying on behalf of the thousands of small and medium size organic family farmers across this country. Thank you for allowing me to provide testimony regarding the importance of organic agriculture and specialty crops. It is truly an honor to be here.

As Senator Casey mentioned, I own and operate a small family farm in Central Pennsylvania. It is a third generation farm. We have a diversified business and we have a certified organic farm. We operate 10 acres of organic vegetable, fruit and greenhouse production. Our primary market is a 200-member CSA and we serve three restaurants. We go to a local farmer's market and have an on-farm retail store as well.

We also manufacture specialty foods on the farm in a small facility and have a retail store and greenhouse operation. One of the great gifts that we have had is we are on a main road and we have had the good fortune to be able to support over 100 other local regional producers of food products, as well as artisan crafts made in our region.

We also have a mail order business and a wholesale business for our food products. And one of our roles that we have seen is we have grown and expanded and evolved is that we provide education and tours and research. We work collaboratively with Penn State University, local government and community organizations.

As a representative of organic producers, I want to emphasize that we have been and continue to be the fastest growing sector of the agricultural marketplace. Our successes come from the growing consumer demand for healthy food and we serve local, national and international markets. Our customers want to be assured of organic authenticity for our products and are willing to pay a premium for the integrity provided by the USDA Organic seal.

Our industry has generated double digit growth in the market for nearly two decades and during the recent recession, we experienced 8 percent growth. I have had the good fortune to participate in several of the USDA designed—programs designed to help organic small and mid-size growers. These include the Organic Cost Share Program, the EQUIP High Tunnel Grants, SARE Research Programs and the NRCS Soil Conservation Services. And we have also worked closely with Land Grant Agricultural Extension. I am also very proud to say that we have recently been approved to accept food stamps for our CSA.

The USDA's programs provide significant help for organic producers. They allow us to grow our businesses by providing seed money to take the next steps. We see them as a hand up and not a hand out. They have become firmly rooted in sound agricultural and business practices for most farms that have received them.

The Organic Cost Share Program is helping thousands of new and small farmers come into and stay in the growing organic marketplace. An example on my farm of the value of these programs is with the EQUIP High Tunnel Grant. This new growing structure will allow us to double our winter and early spring greens production. This is a good investment for both the government and us and will continue to provide a return on investment for the next 30 years.

Equally important, our ability to accept food stamps will help us expand our market and allow families and individuals with limited means to purchase locally grown organic foods. This is a big deal for our community.

Successful and diversified farming operations create jobs for rural communities, and they also train young farmers. The average age of a farmer is 57 years old. This should frighten all of us. And as Secretary Vilsack has said, if you think dependence on foreign oil is bad, you have not seen anything compared to the dependence on foreign food. We need dedicated young people tilling the earth; there is just no doubt.

And young people seem to be drawn to organic agriculture. We see it with internships and we have 10 students every year applying for a one-internship opportunity on our farm. We believe it is essential to continue to have oversight and regulation from the National Organic Program. This governing body assures consumers around the world that they can buy organic food with confidence.

Organic growth is being driven by consumers and we are working hard to meet the demand. Here is how I believe Congress can help. Continue to fairly fund the National Organic Program. Support new and beginning farmers with the Cost Share Program. Continue to help organic farmers take the next steps with a hand up. Support on-farm innovation through programs like EQUIP and renewable green energy projects.

Simplify the granting process and make it farmer friendly. The current value added producer grants have a deadline of August 29th. It is the height of the growing season. Base grants on sound business proposals rather than feasibility studies.

By and large, we are a group of doers. I do not really need \$100,000 to study something, but if you invest in my project, I will make it happen and get it up and running. Support organic export

markets. It is 8 percent of our business and continues to grow. Make funding and tax incentives for farmland preservation and conservation easements permanent.

Chairwoman STABENOW. I am going to need to have you wrap up.

Ms. TAIT. Oh, I am sorry.

Chairwoman STABENOW. Thank you.

Ms. TAIT. Okay.

Chairwoman STABENOW. Yes, that is all right.

Ms. TAIT. Can I just make my closing?

Chairwoman STABENOW. Sure.

Ms. TAIT. Excuse me. We are all in this together and each of us has a role to play. In nature, we know that diversity creates stability. I believe the same is true for agriculture. It is the diversity of our farms and farming systems that make American agriculture great.

Organic agriculture is an important part of the future of food from local to global. We ask that we get supported fairly in the 2012 Farm Bill so we can do our part. Thank you.

[The prepared statement of Ms. Tait can be found on page 62 in the appendix.]

Chairwoman STABENOW. Thank you. Thank you very much. Mr. Bencal.

**STATEMENT OF PAUL BENCAL, OWNER, PAUL BENCAL FARM,
RANSOMVILLE, NEW YORK**

Mr. BENCAL. Chairwoman Stabenow, Ranking Member Roberts, and members of the Committee, thank you for the opportunity to discuss grape grower priorities and the National Grape Cooperative as you work to develop the next Farm Bill. I have also submitted a written testimony, slightly longer than my oral will be.

Welch's National Grapes wholly-owned marketing cooperative processes and markets our members' grapes in the United States and 51 other countries. While Welch's is a well-known American brand, its owners are family farmers with an average farm size of 40 acres. I appreciate the opportunity to submit testimony and request that the statement be made part of the official record.

Chairwoman STABENOW. Without objection.

Mr. BENCAL. Specialty crops—I am sorry.

Chairwoman STABENOW. That is fine. We are just putting it in the record. Thank you.

Mr. BENCAL. Okay. Specialty crops do not receive direct government subsidies and each year there are significant risks that growers in one or more areas in the United States will suffer weather-related damage. I and many other farmers are in business today because crop insurance and disaster—of crop insurance and disaster relief benefits.

The SURE program in the 2008 Farm Bill was designed to eliminate the need for ad hoc disaster relief. While payments were slow and did not provide enough relief, there were growers who benefited from SURE. There is no baseline funding for the SURE program and after September 30, 2011. I speak for more than myself when I tell you that it is critical to a continued U.S. grown food supply that growers are able to purchase affordable crop insurance

and that SURE or another disaster program is incorporated into the next Farm Bill.

It is important to note that there are inequitable differences between program crops listed on a Chicago Board of Trade and specialty crops. One example is that the posted price for grapes are calculated by first deducting a per ton cost of harvesting and hauling while crops on the Chicago Board of Trade are insured at the harvest price without deducting harvest costs from the insurable price.

A more equitable treatment would be to treat grapes in the same manner. Growers and an adjuster would determine the actual dollar amount of harvesting and hauling costs which were avoided because of crop loss and then deducted from the eligible indemnity payment.

Juice grapes, like grains, are mechanically harvested, resulting in a per acre cost of harvest that does not change much just because the yield has been reduced by Mother Nature. The Market Access Program, MAP, has a positive effect on U.S. trade deficit. According to the USDA, between 1985, when MAP was created, and 2008, agriculture imports increased by 300 percent.

MAP has significantly contributed to increased consumption of Concord grapes in Japan through advertising and sales promotions. Now, over 92 percent of retailers, or nearly 12,000 outlets, carry Welch's brand Concord juice grapes. Since 2007, Welch's has seen exports to Japan grow by 46 percent. The program has been funded annually since fiscal year 2006 at \$200 million.

We request that MAP funds are maintained at least at current levels in the next Farm Bill and that branded cooperatives continue to be eligible for MAP.

Funding for the former Viticulture Consortium no longer exists. Continued research is critical if U.S. growers will successfully compete in a world marketplace. The consortium established in 1996 funded grape-related research in all states from all disciplines. Over the past 15 years, an average of 1.2 million was distributed annually.

The program has been especially valuable and effective for the grape growing industry because funds were directed to top priority research. While the largest single source of the industry-directed research funding, the seed funds that the consortium provided were often supplemented by state and private funds, extending the reach and benefits of the program. Without federal funding, additional state and private funds are in danger of elimination. For these reasons, it is important that research funding for National Institute of Food and Agriculture is included in the Farm Bill.

In recent years, aggressive regulatory efforts have been initiated, affecting nearly every aspect of U.S. agriculture. We appreciate the oversight of this Committee to closely monitor the impact of the regulatory burdens and I thank you for acting on reducing the Regulatory Burdens Act, H.R. 872.

On October 31, 2011, duplicative enforcement layers on thousands of pesticide applicators will expose them to legal jeopardy through citizen suits. Action taken by this Committee to approve H.R. 872 is an important step to fixing the duplicity. It is critical that the Senate pass legislation before October 31st.

And finally, as part of the Farm Bill debate, farmer-owner cooperatives are concerned that all forms of fruits, vegetables, tree nuts are eligible for USDA programs. I want to thank you for this opportunity to testify. Thank you for your leadership in assisting American farmers and ranchers. And I must comment that you have already allowed David Johnson to leave the room and from what I have heard, we probably should not let him leave the building in jeopardy of the 2012 Farm Bill.

Chairwoman STABENOW. That is right.

Mr. BENCAL. Thank you very much.

[The prepared statement of Mr. Paul Bencal can be found on page 52 in the appendix.]

Chairwoman STABENOW. Thank you very much. Mr. Woolley.

**STATEMENT OF ROBERT WOOLLEY, OWNER, DAVE WILSON
NURSERY, HICKMAN, CALIFORNIA**

Mr. WOOLLEY. Chairman Stabenow, Ranking Member Roberts and Senator Lugar and guests, thank you for the opportunity to testify today. I am Robert Woolley, owner of Dave Wilson Nursery, a California nursery that grows approximately five million deciduous fruit, nut and shade trees annually for commercial orchardists and the home garden trade.

I am also testifying on behalf of the American Nursery and Landscape Association, our national trade organization, and its state counterpart, the California Association of Nurseries and Garden Centers. We are grateful meaningful specialty crop provisions were part of the 2008 Farm Bill.

I would like to focus on two section of the Farm Bill that are of critical importance to specialty crop producers. Title X, Section 10201 provided funding for plant pest and disease initiatives. Section 10202 funded the National Clean Plant Network. These sections acknowledge the enormous keep-us-up-at-night threat that foreign pests, plant pests and pathogens pose to U.S. specialty crops and markets.

Section 10201 has funded a range of plant pests and disease programs in partnership with industry and state collaborators. Funded programs address six broad goal areas. Under goal four, safeguarding nursery production, funded initiatives are laying the groundwork for a modernized nursery certification system. Goal six, enhance mitigation, provides better tools to better, to more quickly detect, contain and eradicate new pest introductions. Perhaps the best recent example of a program's success involves Plum Pox Virus, which I will go into later.

To us, Section 10202, the National Clean Plant Network, stands as one of the brightest success stories of the specialty crop title. I am an active member in this effort and now serve on the network's governance committee for fruit trees. The network provides technical expertise, equipment and capacity to test mother plants from which nursery stocks are propagated to determine if they are free of disease.

If no clean plants are available, the network can eliminate virus and other disease causing pathogens via heat treatment, chemotherapy and other methods that cannot be implemented at the farm level. The Clean Plant Network provides apple, peach, plum,

cherry, grape, citrus and berry growers with safe access to the world's newest varieties and supports profitability and global competitiveness.

Farm Bill resources have enabled robust coordination of an effective national network. Continued funding of the Clean Plant under the Farm Bill is absolutely essential. The eradication of Plum Pox Virus is a dramatic success story for 10201 and 10202 programs. This serious disease of stone fruit was first detected in the U.S. in 1999. Left unaddressed, the U.S. would have faced the same devastation that swept through parts of Europe where yield losses reached 80 to 100 percent among susceptible crops.

From 2009 through 2011, more than \$4.5 million in 10201 funding went towards detection surveys and to manage immediate threats to growers in Pennsylvania, in New York and Michigan. In 2009, USDA and state partners used 10201 funding to complete the intense monitoring and declare eradication of Plum Pox in Pennsylvania, which by the way, was only the second time in history that a virus disease was eliminated in a country.

Without 10201 funding, eradication efforts in Pennsylvania may not have succeeded. To quote Benjamin Franklin's most famous adage, an ounce of prevention is worth a pound of cure. The overall cost of the Pennsylvania Plum Pox eradication effort was close to \$50 million. The Clean Plant Network is now a proactive line of defense against this happening again and the \$5 million in annual funding is a well spent ounce of prevention that enables safe importation of plant materials and reduces the temptation for illegal suitcase importations that threaten our industry.

On a negative note, the full potential of these Farm Bill programs has been hindered by USDA legal opinion that has held up money for these and certain other programs. Congress has fixed the problem a couple of times, but only temporarily, leaving these programs subject to stop and start delays and uncertainty. We urge Congress to enact a permanent fix.

In conclusion, the 2008 Farm Bill finally gave specialty crop producers a meaningful place in the Farm Bill. These industries are roughly half the value of all U.S. crop production. And by the way, nurseries are about a third of specialty crops. They are high-valued crops generating jobs and economic activity in rural community. For our industry the plant pest and clean plant provisions have been among the most beneficial.

We hope that you will be able to provide continued and improved funding in the next Farm Bill. Thank you very much.

[The prepared statement of Mr. Woolley can be found on page 74 in the appendix.]

Chairwoman STABENOW. Thank you very much. Mr. Abbett.

STATEMENT OF GLENN ABBETT, MANAGER, ABBETT FARMS, LLC, LACROSSE, INDIANA

Mr. ABBETT. I would like to thank the Committee for this opportunity to talk, and especially Senator Lugar for your kind words and for mentioning my son, Casey, who now has quite a story to go back home in Indiana to tell to his friends.

Good morning. My name is Glenn Abbett. I am a farmer from LaCrosse, Indiana. I am here in support of Senator Lugar's Farm-

ing Flexibility Act. It would cut federal spending, add American jobs, improve the environment and protect the fresh produce industry from competition on subsidized farm ground.

Let me start with my farm. On our family farm, we grow corn, seed corn, soybeans, wheat and about 650 acres of processed tomatoes. My tomato production is under contract with the Red Gold, Inc., an Indiana tomato processing company.

I am here today on behalf of the American Fruit and Vegetable Processor and Growers Coalition. We see greater flexibility to grow fruit and vegetables for processing. Since 1996, farm policy generally has prohibited the production of fruit and vegetables on base acreage, though there are exceptions. This restriction was adopted to prevent producers receiving farm program support from competing with farmers growing the fresh fruit and vegetable market.

The prohibition on growing fruit and vegetables was not a significant problem until the 2002 Farm Bill, where soybeans became a program crop. Virtually all of the quality farm land in states like Indiana now have program base. The problem has three dimensions, first, program restrictions. I have gradually taken over our family farm from my father. His producer history has been lost.

Second, fear of base acreage loss. Like most mid-west farmers, I rent much of my farm ground. Quite rationally, landlords fear fruit and vegetable production could cause them loss of base acreage. So even if they have farm history, many will not allow me to grow vegetables on their land I rent from them.

Third, the restriction is a threat to my market. As time goes on, about 5 percent of the mid-western vegetable producers stopped growing vegetables each year. That means that each year it will be harder for our processor market to stay in business because they cannot contract enough for production.

Before the last Farm Bill gave flexibility, many processors were unable to contract for all the production that they needed. Now the problem is only occurring with dry beans because they were not included in the pilot flexibility. The last Farm Bill addressed these problems by creating a pilot project that also requires fruit and vegetable production under the pilot project to be under contract for processing. In reviewing performance of the pilot project, USDA concluded that it showed modest consumer benefit, real benefit to fruit and vegetable growers and processors in the Midwest and no harm to the fresh produce industry.

Of course, participation in the pilot program also saved taxpayer money because producers like myself opted out of the program participation on those acres. So the pilot program has been a big success.

We want to thank Senator Lugar for introducing the Farming Flexibility Act of 2011, as well as Chairwoman Stabenow, who has previously co-sponsored this legislation. The Farming Flexibility Act of 2011 would fix this three-fold problem by allowing an acre for acre opt-out from the farm program for production of fruits and vegetables under contract for processing.

My fellow witness from South Carolina is here to carry a message of opposition to allowing production of vegetables for processing. In every county in South Carolina, USDA rules say farmers may produce fruit and vegetables for the fresh or processed market

under the double cropping exception, so they receive program payments on the very acres used to produce vegetables for the fresh or processed market.

We are not asking for the flexibility South Carolina has. In the Midwest, we just want to be able to opt out of the program on an acre-for-acre basis to grow vegetables for processing. That would save taxpayer dollars, save American jobs, allow environmentally desirable crop rotations and benefit the consumer, all without harm to the fresh produce industry. That is precisely what the Farming Flexibility Act would do.

Thank you for considering my views.

[The prepared statement of Mr. Abbett can be found on page 42 in the appendix.]

Chairwoman STABENOW. Thank you very much. Mr. Wingard.

STATEMENT OF CHARLES WINGARD, DIRECTOR OF FIELD OPERATIONS, W.P. RAWLS AND SONS, PELION, SOUTH CAROLINA

Mr. WINGARD. Thank you, Madam Chair and Ranking Member Roberts and members of the Committee, for allowing me to testify today.

My family specializes in southern leafy greens such as collards, kale, mustard and turnip greens. We produce a variety of summer vegetables in season and also have a few other year-round vegetables. I work with eight other family members everyday to oversee operations on my farms. Therefore, I am pleased to be here.

We have farm operations in South Carolina and Mississippi. We have relationships or contract growers in Florida, Virginia, New York, Georgia and Texas. Our produce is marketed and delivered throughout the eastern United States and about half of our leafy greens are washed and packaged in our own facility and sold as fresh cut chopped greens under our own labels.

As you mentioned, Madam Chair, I am also involved in our national trade organization, United Fresh Association. We represent 1,700 growers, packers, shippers, fresh cut processors, distributors and marketers of fresh fruits and vegetables, accounting for the vast majority of produce sold in the United States.

My family strongly supports the efforts of the Specialty Crop Farm Bill allowance and all the organizations that they represent. As a larger grower, I am pleased that this Committee has sought out and is getting the input of small farmers and organic farmers. I think they are very important in the makeup of the agricultural fabric of this country.

My written testimony covers a broad spectrum of issues that are important to the specialty crop industry, but I want to touch on a few. Madam Chair, I thought you did an excellent job in summing up how specialty crops became included in the Farm Bill in '08. I would be remiss if I did not add to your comments.

A lot of people in '07 and '08 contributed to the cause, but much of the success of our efforts can be attributed directly to you because of your leadership during that debate. For that we offer our sincere thanks.

A few components I would like to consider for '12 going forward. Specialty Crop Block Grants have served as the cornerstone of the

'08 Farm Bill. These block grants have presented the best example to drive local solutions, opportunities and priorities to specialty crop stakeholders in each state and should be enhanced in the '12 Farm Bill.

The fresh fruit and vegetable program is another important program in the Farm Bill. I gave you some snacks today and that is a result of that funding in the Farm Bill. With regards to the '12 Farm Bill, I would like to highlight that this program will reach more than four million low-income elementary school children nationwide this coming year. It is highly effective and in rural South Carolina anyway, at least in South Carolina, in rural South Carolina is very visible. This program helps to increase young children's consumption of fruit and vegetables at school.

My state of South Carolina will receive \$2.7 million this year to implement this program and this will allow 128 of our elementary schools to participate, touching 40,000 students. The average rate of fruit and reduced lunch in those schools is over 85 percent.

For many of these students, if not all, but for a very—probably the very biggest majority of them, they will not be exposed to fresh fruits and vegetables in any other way in their life because—or in their young lives to this point because of their socioeconomic status. We have been a leader in this program and have worked with our state to educate schools in how to ensure successful implementation.

We have traveled to school districts all over South Carolina and have helped them implement it. We have developed fresh cut vegetables and fruits and kid-friendly packages, such as you see and have, to offer to the schools and to their lunch programs. This is a win for agriculture, a win for the produce industry, for our children and for public health.

Finally, let me touch on research, which is both the foundation and catalyst for growth and the advancement of any industry. For the American specialty crop industry, successful research projects have the ability to reduce the future burden of the Federal Government through greater public access to healthy products, enhanced exports to growing markets, pest and disease resistant crops and reduced resource consumption and variety of other beneficial applications. However, in order to offer these benefits and reach these goals, U.S. specialty crops require an enhanced commitment to research and extension activities focused on their priorities.

We look forward to working with the Committee on the development of the next Farm Bill. We ask that you continue to build on the foundation and investment of the '08 Farm Bill and ensure that our important issues are appropriately addressed as you move forward. However, we do realize that Congress is facing fiscal constraints and we ask that you help keep us in mind. If there is pain to be felt, honestly I think the best thing is to share the pain.

Thank you, ma'am.

[The prepared statement of Mr. Wingard can be found on page 65 in the appendix.]

Chairwoman STABENOW. Well, thank you very much. Senator Roberts and I were commenting on the packaging, on the Carrots for Kids in School, talking about sports candy. It is actually very—I want to compliment you. It is a very smart packaging, I think,

and very appealing. So I am going to congratulate you on that. It is one of the great partnerships that we have had in the Farm Bill between our growers and our schools and I think it is going to make a difference. So thanks very much.

Thanks very much to all of you. Mr. Engelhard, let me start with you, because you grow specialty crops and also program crops, so you are really in a unique position, I think, to speak about what works and what does not work. I am wondering, from your perspective, which of the programs that we have in place right now have actually been most important to you in supporting your work in terms of as a dry bean grower?

Mr. ENGELHARD. From a news standpoint, the Specialty Crop Block Grants, I think we have heard across the whole panel here today, seem to be very successful, because I think it allows industries, different producer groups, to really look at what issues they might have and apply in a very timely and methodical manner to get some of this funding. And then since they have put a lot of effort into getting that funding, they make a lot of effort to make it a good program and use the funds responsibly.

But certainly we have also heard across this panel how important MAP and FMD have been to many of the specialty crops and that has been on a long-term basis. Again, it has such importance for export, for our commodities, but also for our balance of trade as a nation.

Chairwoman STABENOW. As you indicated, the importance, I think, of a Specialty Crop Block Grant is that it does allow producers state by state to determine what is most important to them and I appreciate your comments on that.

I wonder, to anyone on the panel, I would like to have you speak about the current safety net programs and helping you to manage risk in your operations and what do you think is most effective. We, I think, as a Committee, really identify risk management efforts as being critical in terms of support for our farmers and the safety net obviously is critical.

I wonder if anyone would like to speak, or if all of you would like to in terms of which safety net programs are most important in helping you to manage risk?

Mr. ENGELHARD. Senator Stabenow, I will take that a little bit, since you referred to the fact that I grow both specialty and row crops. The row crops, the program crops, have been very functional and the programs continue to evolve in ways that help us to manage our risk very thoroughly.

The specialty crops, since there are less of them, and since there is less of a base in edible beans, if we want to grow a new edible bean because there is a market opportunity, we have to grow that for three years before we can get any kind of insurance on it at all. So that institutes some real risk.

The other thing, in some of the program crops, we now have organic prices for crop insurance. In other words, there is always a price differential between organic production and standard conventional production, and now that has been recognized in the corn and soybean crop, but again in the specialty crops, those things have not evolved.

So taking a closer look at those specialty crops and how they can be insured to make sure that the producers' revenue stream is taken care of would be very valuable.

Chairwoman STABENOW. Thank you. Anyone else? Yes, Mr. Bencal.

Mr. BENCAL. If I may, when we first started assessing the advantages for crop insurance within the grape industry, especially with juice grapes, several years ago, I would venture to say probably 15, 20 years ago we started discussion with the RMA office on the classification of grapes. We first started with I believe there were two, maybe three varieties described as far as the grape industry. Now we are up to as far as 14 different varieties.

We are still not done with RMA yet. It was a hard fight to get them to believe that one size does not fit all, especially when it comes to specialty crops. It varies not only from one variety to another, but one crop to another. Tomatoes, peppers and cucumbers are a lot different than—they have different requirements than grapes do. Their market is different.

They have also come to understand that a variety of grapes, ConCORDS and Niagaras more specifically, you can use them for juice grapes, but you can also use as wine grapes, as well. The price difference is quite substantial.

It has been a long process and there is more work to be done, but they are coming around. But it is just a slow, tedious process to get them to understand. I would like to see that sped up a little bit.

Chairwoman STABENOW. Thank you very much. I have run out of my time and so I am going to turn to Senator Roberts at this point in time for questions.

[Pause.]

Senator ROBERTS. Pardon me. I was looking for Spartacus here on sports candy. On the back it says, hey kids, I'm Spartacus, if you want to become a superhero by eating lots of different fruits and veggies, or what we eat at Lazy Town.

Where is Lazy Town in South Carolina? I know where Lazy Town is here.

[Laughter.]

Mr. WINGARD. I think it is a fictional cartoon series. It has been in Europe more than United States. It has kind of forayed into the United States.

Senator ROBERTS. W.P. Rawl.com dash or slash Lazy Town. That is very—we were wondering if you were Spartacus here on this sample.

Thank you to the panel. Mr. Engelhard, I feel compelled to say I feel your pulse. But rather than edible beans or something that you could market as a special product that would provide energy, et cetera, et cetera, and I am not familiar with all the attributes of your product, but there is a great market for that. Why do you call it pulse?

Mr. ENGELHARD. Pulse is—

Senator ROBERTS. No, why do you call it pulse? If you call it—jazz it up a little bit, because I would imagine nine out of 10 people involved in agriculture say, why don't you call it X, what, bean or

X edible bean, or superhero protein bean or something? I am just interested.

Mr. ENGELHARD. And that is exactly why we need the Pulse Health Initiative, because we need to be more creative in our marketing efforts.

Senator ROBERTS. All right, I appreciate that. Ms. Tait, the first commercial I ever made in running for office was asking where is the next generation of farmers going to come from. The fact that you pointed out that you have an 8 percent growth in regards to organic right in the middle of a recession I think is remarkable. By the way, the average age then was 52 as well, so we are sort of holding our own to some extent.

Let's see, Mr. Bencal, you talked about that consortium that started in 1996. I just want you to know I had something to do with that. At any rate, Mr. Woolley, we will get after the legal beagles that are causing you so many problems. And then Mr. Abbett, you really have—if you think flexibility was a challenge for you now, you should have been here in '96. That was a little—there was remarkable change, but I know exactly what you are talking about and we will be trying to address that.

Mr. Wingard, let's see, Lazy Town, I have already asked that question. I think you probably hit it on the head in terms of our budget responsibilities. We know that Agriculture will contribute. We must, but everything should be on the table and it should not be disproportionate with other programs.

And I have been trying to tell people, quit talking about specific programs. Let's just say everything is on the table and then let this Committee do it, because we have a lot of experience on this Committee in regards to what we should be doing, as opposed just to a numbers game.

I've only got a minute left, so I am going to ask you to zip through this last question real quick. At the end of the day, what keeps you up at night? Is it labor, FDA, EPA, pest and disease threats, Mother Nature, Federal Government? What is the number one challenge or risk that impacts your business the most? Go.

Mr. ENGELHARD. Marketing.

Ms. TAIT. Mother Nature.

Mr. BENCAL. Weather.

Mr. WOOLLEY. Immigration.

Senator ROBERTS. Really? Okay.

Mr. ABBETT. Labor. Planting prohibition.

Mr. WINGARD. Government responding to sensationalism in the media.

Senator ROBERTS. I do not know how to fix that one.

[Applause.]

Senator ROBERTS. I would like to.

Chairwoman STABENOW. We actually can commiserate with you on that.

Senator ROBERTS. As a member of the Fourth Estate myself, I do feel your pain and pulse, or whatever. But at any rate, well thank you for that. I think a lot of this, Madam Chairwoman, is the impact of crop insurance and how it fits in and the problems that we have had in regards to crop insurance. And being part of the Carey-Roberts Crop Insurance Reform back in 2002, we need to do

that as opposed to cutting crop insurance by \$12 billion in the last two Farm Bills. That was a terrible mistake.

But then, all right, I am done. I appreciate you all coming in. Thank you for your contribution.

Chairwoman STABENOW. Thank you very much and I could not agree more about crop insurance. That is a major focus of our discussion and work going forward. Senator Bennet.

Senator BENNET. First of all, Madam Chair, I want to thank you for putting together this excellent panel. Your testimony has been terrific and I actually had thought that every single one of my questions had already been answered as you testified, so thank you.

And I am grateful that—Mr. Woolley, I had not intended to ask a question about this, but since you raised it, two weeks ago, I think, or maybe three, I was on a conference call with growers from Colorado and they were saying to me, Michael, we are going out of business this year because of labor shortages.

I wonder if you would talk a little bit about your observation that immigration is what keeps you up at night and what you would like to see fixed.

Mr. WOOLLEY. Well, we would like to see a way to continue to farm using legal labor. The setup now is impossible. It has been broken for decades. It is an untenable situation.

Senator BENNET. Tell us more about why it is impossible, why it is broken, and Mr. Abbett, if you want to get into this too, please do.

Mr. WOOLLEY. We cannot get legal labor to come into our farm, frankly. The mechanisms to provide labor are just not adequate. People do not—people who are documented generally do not come out to our farms. We are increasingly reliant on prime labor contractors and it is a very fluid situation.

We accept the documents that are presented to us and we try to do a very good job in that, but regardless, there is such rapid turnover. We know that some of these people are undocumented.

Senator BENNET. Mr. Abbett, I see you nodding your head.

Mr. ABBETT. Yeah, I agree with him completely. We run into the same issue. The regulations around verifying legitimacy of our immigrant help has really caused us to rely on crew leaders as well. And speaking to the crew leaders, the difficulties of getting people from other countries to come here that are willing to do the work that has to be done, we cannot do the things that we do on our farm without these people. There just are not willing people in our communities that do these jobs and these people are willing.

But it is becoming increasingly hard to get those people here for fear of crossing the borders, fear of filing out the required paperwork properly and I think we have to fix—we have to make it possible for us to get folks into this country that are willing to do this work in a fluid fashion where they can go back to the countries where they come from, but be able to come back on a yearly basis and do the work that we desperately need done on our farms.

Senator BENNET. Mr. Wingard?

Mr. WINGARD. Thank you. If I could, I would like to answer your question as well. H-2A is expensive and broken. H-2B is about to

become expensive and broken. What we need is a reasonable solution to a serious problem.

I want to give you—I want to share with you a real life experience we had about a year and a half ago. We petitioned for 40 H-2Bs to work in my processing plant. We had to advertise to U.S. workers. We had 81 people come in and apply for the job the first week of January. The job did not start until the first week of April, but the first week of January we had 81 interviews. Thirty-one people out of 81 took the job.

So my 40 visas were reduced. As a direct reduction, they were reduced to nine, by simple math. Three months go by and when we had the processing line installed and the crops had been grown and ready to harvest in the field and we called these people to come to work, I get my nine visas from Mexico into the country. Out of 31 people that took the job, only 13 showed up the first day of work.

So the first day we tried to run the line, instead of having 40 people to run that processing line, I am only down—I only have 22. Within two weeks, the 13 U.S. referrals are down to about two, three, maybe four and within six weeks, we were down to one.

At the end of the contract, which is nine months, 10 months maybe, we had to let the U.S. referral go because the contract was over. We offered them a job because they were really a pretty good worker and turned the job down. They wanted to go home and get a check.

There is similar nightmare stories concerning H-2A, maybe even worse.

Senator BENNET. Well, my time is expired, Madam Chair. I appreciate everybody's testimony. I think it is so important for us to be having this conversation because Washington is averting its eyes and pretending this issue does not exist, and there is nothing that says that these jobs need to be in the United States. And I want them to be in the United States, but if we do not fix this problem, my concern is that these jobs are going to migrate over this border and we are never going to get them back again.

So thank you for being here today. Thank you for your testimony. Thank you, Madam Chair.

Chairwoman STABENOW. Thank you very much. This is a serious challenge. Senator Lugar.

Senator LUGAR. Mr. Abbett, in your original testimony, you had to summarize some very complex points, so I wanted to give you an opportunity to expand a bit on this. It has been illustrated already. You are farming 4,300 acres and that includes corn and soybeans and crops that are very common, certainly in our State of Indiana, but likewise 650 acres or so of tomatoes.

What are the problems? I sort of glossed over this because it is very complex for somebody just to sign up to get acres in the tomato program, that it affects a so-called base that we have been talking about. You have indicated, if you are successful in signing up with tomatoes, it actually saves taxpayers' money because you come out from underneath some of this.

But explain, if you will, this procedure and why it is cumbersome and why we ought to reform it.

Mr. ABBETT. Thank you for the question. Prior to 2002, the procedure was extremely difficult because we—I mean, I am sorry.

After 2002, prior to 2008, the procedure was very difficult because in the State of Indiana, when soybeans became a program crop, there virtually was no acres available outside of my own producer history and my farm's history.

And my farm's producer history, which at one time included my dad, was severely hit when he left the farming business, or the vegetable side of the farming business. And therefore, I was left with a very minimal number of producer acres to raise my specialty tomato crops.

Senator LUGAR. Why would your dad leaving make any difference?

Mr. ABBETT. He had producer history tied to his Social Security Number.

Senator LUGAR. Personally?

Mr. ABBETT. Personally, in his personal name, and when he left the operation, those producer history acres left with him.

Senator LUGAR. I underline that because most of us do not understand, you have a death in the family or somebody decides to go abroad or so forth, suddenly you lose this history and therefore, you lose the ability even to produce on your land.

Mr. ABBETT. Yeah, that is the key to the whole problem. As people retire—in one instance, I had a fellow grower that was killed. Those acres are lost forever. The acres available are shrinking every year; that is a fact. The pilot program helped fix that problem to a certain extent.

There are still some issues with the pilot program that we deal with, the deadline, the fact that landlords have to sign on and the fact that there is a lottery system in the event that you go through the acres or more acres than what are allotted for the state.

But the pilot program was a big success in giving us the flexibility to plant our fruits and vegetables on base acres. It allowed me to go out and find farms that were environmentally advantageous, that were better farms to raise tomatoes on and gave my land that I had to rotate on hard ability to rest and that minimizes disease.

So the flexibility, the project flexibility has been a huge success on my farm.

Senator LUGAR. Let me just interrupt to say, it is almost inconceivable in the common sense of the American public that a farmer would not be able to plant tomatoes or beans or corn or what have you on his land without these cumbersome restrictions and all sorts of provisos, including the death of a member of the family and so forth.

Quite apart from the fact made by the Chairman and the Ranking Member, that crop insurance really has not covered everything on the farm. It has not been whole farm insurance. It has been a crop or a specific situation. This is why I am hopeful, and this is why the testimony is important of all of you today.

As we get into the new Farm Bill, we understand that there are many ways of making money on a farm and that we ought to have maximum freedom for farmers to be able to use their enterprise and to meet markets, both at home and abroad, as opposed to having these historical situations going on all the way back to the thirties that have no relevance whatever, except on occasion, vested in-

terest who really want to keep restrictions because they are hoping to hang on to some particular privilege.

Your story, I think, is extremely important, as you are a practicing farmer now on 4,300 acres and obviously honored by the trade. But I am hopeful that your full testimony will be a part not only of our record, but likewise of the education of our colleagues as we proceed into the Farm Bill.

I thank you very much, Madam.

Mr. ABBETT. Thank you.

Chairwoman STABENOW. Thank you very much. Senator Klobuchar, welcome.

Senator KLOBUCHAR. Thank you very much, Madam Chairwoman. I would like to start by thanking you for holding this important hearing on organic and specialty crops. We have a number, I think people may know, we have major crops. We are sixth in agriculture. We also produce a number of specialty crops. We are first in sweet corn and green peas. Perhaps you have heard of the Jolly Green Giant. I grew up in the shadow of the big Jolly Green Giant and we support rural jobs at processing plants and companies like Seneca Foods, located in Glencoe, and Del Monte foods in Sleepy Eye, Minnesota.

I had a question, first of all, of you, Mr. Engelhard, and this is about the testimony that you gave about the Pulse Health Initiative and the major challenges you believe pulse crops can address and overcome, including obesity and chronic disease. We believe living a healthy lifestyle on this Committee is incredibly important and in the U.S., as you know, sadly approximately 34 percent of adults, 17 percent of children are obese.

And my question is how you think continued research on the health benefits of pulses would help kids to be less obese to lose weight, and do you think pulses have a place in school cafeterias or in the Farm to School Program, providing healthy foods to school cafeterias?

Mr. ENGELHARD. Absolutely. You know, pulses are so diverse. Edible beans are very colorful. Everybody has their own likes, dislikes with edible beans and the key is to find really good ways to put those things on the plates of our kids when they are young and get them used to them.

For so long we have grown up in a society of fast prepared foods and meat has been seen as a symbol that we are doing well. We can go out and—economically that we can go out and buy meat. And that is great. We all love beef. We all love our chicken and so forth.

But when we really look at what the best way is to get protein into our bodies, pulse crops provide a very good option. And then when you look at the economics of using pulses in our schools and in our cafeterias, using edible beans in creative new recipes, there is just an unlimited opportunity there to enhance the economics.

And then finally, you know, when we think about how can we be environmentally friendly, pulses produce their own nitrogen. I alluded to the small water foot print that it takes to grow edible beans, peas and lentils and chick peas. And some of those things are so opportunistic for our country to make us healthier and also to make us more environmentally friendly.

Senator KLOBUCHAR. Thank you. And then I have one last question, Mr. Abbett. The 2008 Farm Bill allowed a voluntary farm flexibility program that allowed farmers to produce fruit and vegetables for processing without any punishment. And you mentioned that the pilot project with specific acreage limits had a significant hassle factor in annual—by the way, I have never used that word. It is kind of fun. I will use it again—significant hassle factor in sign up and how do you think removing the acreage cap could further encourage the production of fruit and vegetables for processing?

Mr. ABBETT. Great question. Thank you for asking it. The issue came about when I first attempted to sign up in 2009 where I became knowledgeable that in the event that there were more than, I think 9,000 acres, asked for in the State of Indiana, there would be a lottery that would choose those acres.

So I was put in a position where I would go—where I needed to go to landlords and say I would like to raise fruits and vegetables on your land. I would like to pay you a fair rent for that, but I cannot guarantee that is going to happen, and by the way, it is a lottery that is going to decide whether that can happen. And it may be I do not know exactly when the lottery occurs and it may be April before I can come to you and say, sorry, we did not make the lottery and therefore, I cannot put fruits and vegetables on your property and I am going to have to move them back onto my farm where I have history.

So that was a huge constraint, or that caused real issues getting—having me have desire to use the pilot program in the first years, worrying about whether or not I was actually just going to get a bad name in the community for going out and trying to rent property that I eventually could not rent because of the lottery system.

Senator KLOBUCHAR. Okay, well, very good. Hopefully we can try to fix this, so I appreciate it. Thank you.

Chairwoman STABENOW. Thank you very much. Senator Boozman.

Senator BOOZMAN. Thank you, Madam Chair. I know that the risk management tools have come up and I think all of us are committed to working hard to try and reform and improve those for all segments of agriculture, the Farm Bill, comes about.

Mr. Bencal, you expressed the importance of passage of H.R. 872, the Reducing Regulatory Burdens Act of 2011, prior to October. We passed that in this Committee. It was passed in the House. I appreciate you mentioning it. It is so important. Hopefully working together we can get the vote in the Senate and actually get that thing passed.

Mr. BENCAL. Thank you, sir. I really appreciate it.

Senator BOOZMAN. Well, again, thank you so much for bringing it up. The only other thing I would say is that the area where I live is actually where Walmart's at and the idea of encouraging specialty crops where we can encourage entities like that that work with our local producers I think is a very good thing.

Hopefully we can work together to encourage others to do the same thing. If you would like to comment about that.

Mr. BENCAL. Yeah. In fact Welch's is vice versa. It is probably one of Walmart's biggest customers and Walmart is one of Welch's largest customers. And as a grape grower through National Grape, Walmart, not that they insist, but it is very important to them the title of viable agriculture comes up in viable viticulture. We have become much more environmentally sound in our farming practices, both from a wildlife aspect and just plain environment aspect as far as spray drift, nutrition, containment and putting—you know, hitting the target that we are aiming at, whether it be nutrition wise or pesticide wise or otherwise.

It just gets more and more important. It is funny, because years ago when I first started in '73, we used to go out and spray our vineyard at 8:00 Friday afternoon, or Friday evening. The wind would calm down and you would go out there and you would spray and 14 days, 20 days later, you would go out and spray again.

Last year, I believe I—and you carried that on throughout the summer. Last year I believe I sprayed twice. This year I have sprayed twice and scouting the vineyard before I came down here the other day. There is no reason to spray right now.

So we have come a long way in doing exactly that. The registration in New York, I have to be a certified applicator in the State of New York. We take an exam to get that certification. We have to maintain a certain amount of credits. It is renewed every five years and I have to maintain credits.

We have three to four grower meetings every summer where collectively we all get together. An extension team comes down. We have set this whole program up through Cornell. Management practices are approached. Discussions are coming up, a lot of networking going on amongst growers. A lot of discussion goes on.

Senator BOOZMAN. Well, I appreciate that. That really is a great story to tell. All of you all work so hard to do the best management practices.

Mr. BENCAL. We do not take it lightly.

Senator BOOZMAN. Very much so. You love the areas that you are growing on and have a great respect and are trying to do the right thing. Sometimes we make it very, very tough on you. I do appreciate you all being here and all that you represent. And hopefully working together with the new Farm Bill and stuff we can help with some things and also push back on really some regulation that I think is very heavy handed and just does not do any good for anybody.

So with that, I yield back. Thank you, Madam Chair.

Chairwoman STABENOW. Thank you very much. At this point, we will conclude the hearing. Let me just indicate again how important each of you are to American agriculture, as well as the health of our country moving forward. When we look at issues of diabetes and obesity and all of the other health challenges that we have in the country, the role you play in reaching our goals, both for jobs, success in rural America, as well as the health of the country, is very important.

So by providing the tools and technical assistance to growers that you need to manage risks, developing market opportunities and innovation, we can help to ensure that American consumers in schools, families, have access to safe and healthy supply of Amer-

ican produce and we can continue to create very important jobs for our country.

So thank you again, to each one of you for coming in, for sharing your testimony and we look forward to working with you as we move forward to write a Farm Bill. Thank you.

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

A P P E N D I X

JULY 28, 2011

SENATE COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY
FULL COMMITTEE HEARING

Opportunities for Specialty Crops and Organics in the Farm Bill

Thursday, July 28, 2011 – 10:15 a.m.
G50 Dirksen Senate Office Building

Madam Chairwoman and Ranking Member Roberts, I would like to thank you for holding today's hearing on "Opportunities for Specialty Crops and Organics in the Farm Bill."

In reviewing the testimony for this hearing I find there are certainly many of the same concerns expressed by the specialty and organic crop growers as are brought up to me by commodity crop growers.

With today's high production and input costs, regardless of the type of farming operation, an adequate safety net is highest on everyone's priority list.

Another underlying concern is what's becoming a very detrimental overreach and over regulation into their agricultural business operations by federal regulators.

Madam Chairwoman, I appreciate that you bring hands-on agriculture producers into these hearings. As we write the next farm bill we need to know what is working for them from what we created in the 2008 Farm Bill and what we need to change.

With current budget constraints making available Farm Bill dollars accommodate the needs in the agriculture community will be among our greatest challenges.

The conduit between the Members of this Committee and producers who utilize the programs we write and that are authorized in the Farm Bill is USDA.

I challenge the USDA witnesses to keep in mind that their goal should be to administer programs as Congress intends.

That doesn't always happen, and I expect Mr. Baenig, the nominee for Assistant Secretary for Congressional Affairs to keep that goal in mind as well and to keep open lines of communication open with all Members of Congress both with good news and also sharing with us when program administration doesn't work out as well as intended.

Madam Chairwoman, I look forward to hearing from this distinguished panel of witnesses.

Testimony of Glenn Abbett
on behalf of the
American Fruit and Vegetable
Processors and Growers Coalition

Before the
U.S. Senate Committee on Agriculture, Nutrition
and Forestry

July 28, 2011

Hearing To Review Domestic Policies Affecting
The Specialty Crop Industry

Introduction

Good morning. My name is Glenn Abbett. I am honored to present testimony today.

I am a farmer from LaCrosse, Indiana, and I have a mechanical engineering degree from Purdue University. I grew up farming with my father, and it is my hope that one day, my four children will be able to take over our family farm operation. My dad and I farm approximately 4,300 acres, of which more than half is leased. I grow corn, seed corn, soybeans, green beans, wheat, and about 650 acres of processed tomatoes. My tomato production is under contract with Red Gold, Inc., an Indiana tomato processing company.

I am here today on behalf of the American Fruit and Vegetable Processors and Growers Coalition (AFVPGC). We have come together to seek a modification of Federal law that restricts Midwestern farmers from growing fruits and vegetables on program acres.

The Issue

Since 1996, farm policy generally has prohibited the production of fruits and vegetables on base acreage. This restriction was adopted to prevent producers receiving farm program support from competing with farmers growing for the fresh fruit and vegetable market. There are three exceptions to this general prohibition. It does not apply to:

1. counties with a history of double cropping;
2. farms to the extent there is a USDA recognized history of fruit or vegetables production; and
3. producers to the extent the producer has a recognized history of a specific fruit or vegetable production. Of course, as producers leave farming, their producer history is lost.

The prohibition on growing fruit and vegetables was not a significant problem until the 2002 Farm Bill made soybeans a program crop. Until that time, there was sufficient non-

program quality farm ground to permit fruit and vegetable production and desirable crop rotations. However, because soybeans became a program crop in 2002, virtually all of the quality farmland in states like Indiana now have program base.

The problem has three dimensions.

First, program restrictions. I am personally affected by the prohibition on growing fruits and vegetables. I have gradually taken over our family farm from my father. Even though my family has been raising processing tomatoes for nearly 30 years, the regulations as they stand allow for me to have a very limited portion of the fruit and vegetable history that was created by my father. My dad often said that he only hoped to give me a better life through agriculture than he had. That clearly is in jeopardy. I cannot help but think about how I could do the same for my kids.

Second, fear of base acreage loss. I have struggled to get rented ground for growing my processing tomatoes. In the

Midwest, most family farms rely on rented acres to grow their crops. I have found that landlords who I have approached fear, and rationally so, that fruit or vegetable production could result in loss of base acres on their farms. Due to my tomato production, I have lost base acreage and some of my landlords and neighbors have lost base acreage. This base acreage experience is why my landlords generally will not let me grow vegetables on leased land. My neighbors who grow vegetables are facing the same issues. Most family farms have significant production on leased land. On this note, I should add that I have had the most success leasing from those who lost base acreage and are economically trapped in having to produce vegetables. This means that my ability to rotate crops and to fulfill my traditional contract obligation to Red Gold is severely restricted.

Third, the restriction is a threat to my market. As time goes on, about 5% of Midwest vegetables producers stop

growing vegetables each year. That means that each year it will be harder for our processor market to stay in business because they cannot contract for enough production.

We want to thank Senator Lugar for introducing the Farming Flexibility Act of 2011, as well as Chairwoman Stabenow, who has previously co-sponsored the legislation. The Farming Flexibility Act of 2011 would fix this threefold problem by amending Title I of the Farm Bill to allow acre-for-acre opt out from the farm programs for production of fruits or vegetables under contract for processing. Also, it would declare a policy that vegetable production for processing on program base acres will not cause future loss of base acreage. Since it would only permit additional production of fruits and vegetables that are under contract for processing, there is no potential for impact on the fresh produce markets.

The last Farm Bill addressed these problems by creating a pilot project where specific acreage limits for fruit or

vegetables were allowed for various Midwest states. Also, fruit and vegetable production under the pilot project is required to be under contract for processing. In reviewing performance of the pilot project, USDA concluded that it showed modest consumer benefit, real benefit to fruit and vegetable growers and processors in the Midwest, and no harm to the fresh produce industry. Of course, participation in the pilot program also saved the taxpayer money because producers opted out of program participation on those acres. So, the pilot program has been a success.

It should be noted that the pilot project authorized much greater acreage than was utilized. That is due to limited demand for processing fruit and vegetables, plus a significant hassle factor in the annual sign up for pilot project participation. The processor that I grow for has about 29% of the total production it processes produced under the pilot project. So, while participation in the pilot project has been

limited, the planting flexibility provided by the pilot project has been very important.

Without the project, Midwest fruit and vegetable production for processing would have faced continued reductions in producer history. In addition, the availability of rental land for fruit and vegetable production would have been tighter. Processors would have faced higher costs to the extent they could contract for the production they needed, leaving domestic processed fruit and vegetables at a disadvantage to our real competition – imported canned products.

Permit me to elaborate on why the Farming Flexibility Act would not pose a threat to the fresh produce industry.

The Farming Flexibility Act is narrowly tailored. It would not hurt fresh producers.

- First, it would be against the law for us to grow vegetables for fresh markets. The Farming Flexibility Act would only allow opt

out for FAV production FOR PROCESSING.
The production would have to be for processing.

- Penalties for program violations are very heavy -- I would be crazy to intentionally violate program rules. (Penalties are equal to twice the per acre value of the tomato crop produced in violation.)
- Second, vegetables for processing are not the vegetable varieties produced for fresh anyway. My family has been growing processed tomatoes for nearly 30 years and, even though it has been legal to sell them to fresh markets, we never have.
 - They are the wrong variety – not right for the fresh market.

- So, there is no market for them.
- Where there is no market, there is no market distribution system.
- Third, the Farming Flexibility Act would just take us back to the 1996 Farm Bill situation. Under the 1996 Farm Bill and even before that, the Midwest processing industry was getting smaller, not expanding.

I respectfully submit that Midwest farmers should be allowed to opt out of the farm program on an acre-for-acre basis in order to produce fruit or vegetables for processing. It would save taxpayer dollars, help with American jobs, allow environmentally desirable crop rotations, and benefit the consumer, all without harm to the fresh produce industry. That is precisely what the Farming Flexibility Act would do.

Thank you for considering our views.

**Statement of Paul Bencal
Chairman of Lake Erie Regional Grape Extension
Grower-Owner National Grape Cooperative & Welch's**

**Testimony before the Senate Committee on Agriculture, Nutrition and Forestry
July 28, 2011**

Chairwoman Stabenow, Ranking Member Roberts, and Members of the Committee, thank you for the opportunity today to discuss grape grower priorities and the National Grape Cooperative as you work to develop the next Farm Bill.

Since 1973, I have grown Concord and Niagara grapes on 50 acres in Ransomville, N.Y. I serve as Chairman of the Lake Erie Regional Grape Extension Team and on the Board of Directors of New York State Farm Bureau. I am also a Delegate for National Grape Cooperative. Our cooperative's delegates are an important communication link between the cooperative's management and the grower community. National Grape is an agricultural cooperative owned by 1,075 members farming 43,800 acres of Concord and Niagara grapes in New York, Pennsylvania, Ohio, Michigan and Washington State. Welch's, National Grape's wholly owned marketing cooperative, processes and markets our members' grapes in the United States and 51 other countries. While Welch's is a well known American brand with a rich history, its owners are family farmers. The average farm size of a National Grape grower-owner is 40 acres.

On behalf of National Grape, Welch's and more than two million farmers and ranchers who belong to farmer cooperatives, I appreciate the opportunity to submit testimony

about issues facing grape farmers, and respectfully request that this statement be made part of the official hearing record.

The points I would like to discuss regarding the next Farm Bill include an adequate safety net including crop insurance, the Market Access Program (MAP) and research funding.

Safety Net – A strong, effective safety net is important to specialty crop farmers. This is especially true in the current climate cycle. Consider that these crops do not receive direct government subsidies and that each year, there's a significant chance that growers in one or more areas of our great nation will suffer crop damage from either spring frosts, winter freeze damage (when winter temperatures dip below -10° Fahrenheit) or from excessive rain or hail. Crop insurance indemnity payments have more than once helped me to cover the next year's operating expenses when I've suffered severe weather-related crop loss. Many farmers I know, including me, are in business today because of crop insurance and disaster relief.

The 2008 Farm Bill created the SURE program in an effort to eliminate the need for ad hoc disaster relief. While payments were slow in coming and did not provide enough relief, there were growers who benefitted from the program. We understand there is no baseline funding for the SURE program after September 30, 2011. I speak for more than myself when I tell you that it's critical to a continued U.S. grown food supply that growers are able to purchase adequate, affordable crop insurance and that the SURE

program is re-funded or that another disaster program is incorporated into the next farm bill.

It is important to note that there are inequitable differences between the program crops listed on the Chicago Board of Trade and specialty crops, which include a huge variety of the fruits and vegetables enjoyed by the American public. One example is that posted prices for grapes are calculated by first deducting the per ton costs for harvesting and hauling, while crops on the Chicago Board of Trade are insured at the harvested price, without deducting harvest costs from the insurable price. A more equitable treatment for grape growers would be to treat grapes in the same manner. This would mean that growers and an adjuster would determine the actual dollar amount of harvesting and hauling costs which were avoided because of the crop loss and then deduct it from the eligible indemnity payment. Grapes, like grains, are now mechanically harvested resulting in a per acre cost of harvest that doesn't change much just because the yield has been reduced by Mother Nature. A stronger crop insurance system will give me more certainty and security in raising grapes every year.

MAP – The Market Access Program (MAP) has had a positive effect on the U.S. trade deficit. Agriculture is one of the few areas in our economy that enjoys a trade surplus. According to USDA, between 1985, when MAP was created, and 2008, agriculture exports increased by 300 percent. As an example, MAP has significantly contributed to the increased consumption of Concord grape juice in Japan through advertising and sales promotions. Now, over 92 percent of retailers, or nearly 12,000 outlets, carry Welch's

brand of Concord grape juice. Since 2007, Welch's has seen exports to Japan grow by 46 percent, with our volume increasing from 857,000 cases in 2007 to 1,251,000 cases in 2009. The program, as you know, has been funded annually since FY 2006 at \$200 million, including in the 2008 Farm Bill. While Welch's and National Grape growers have directly benefitted, the matching funds that Welch's has invested in foreign markets has also helped to create a demand for generic (non-brand) grape juice. We request that MAP funds be maintained at least at current funding levels in the next farm bill and that branded cooperatives continue to be eligible for MAP funds.

Research Funds – Funding for the former Viticulture Consortium no longer exists. Continued research is critical if U.S. growers are to successfully compete in the world marketplace. The Consortium, established in 1996, funded grape-related research from all states and from all disciplines. Proposals were submitted and competitively ranked by two groups of growers (east and west), extension specialists, processor and industry association representatives and researchers. Over the past 15 years, an average of \$1.24 million was distributed annually. The program has been especially valuable and effective for the grape growing industry because funds were directed to practical, applied research that was identified as top priority by the industry. While the largest single source of industry-directed research funding, the “seed” funds that the Consortium provided were often supplemented by state and private funds extending the reach and benefits of the program. Without the federal Viticulture Consortium funds, these additional state and private funds are also in danger of elimination. For these reasons, it is important that research funding is included in the next Farm Bill.

Other Issues – While not specific to the Farm Bill, Congress could greatly assist grape growers and the specialty crop community as a whole by quick passage of the three outstanding Free Trade Agreements – Colombia, South Korea and Panama.

Additionally, agriculture must have an adequate supply of farm labor. This issue is rapidly approaching a breaking point. The establishment of an immigration policy that supports the migrant labor force necessary to grow and harvest specialty crops is critical to our continued survival.

In recent years, multiple, aggressive regulatory and enforcement efforts have been initiated that affect nearly every aspect of US agriculture. As such, we appreciate the oversight this committee has done to closely monitor the impact of regulatory burdens on agriculture. In particular, I compliment this committee for acting on the *Reducing Regulatory Burdens Act* (H.R. 872). As you know, a 2009 decision of the Sixth Circuit U.S. Court of Appeals (*National Cotton Council v. EPA*) will impose on October 31, 2011, duplicative enforcement layers on thousands of pesticide applicators and expose them to legal jeopardy through citizen suits over paperwork violations. Action taken by this committee to approve H.R. 872 is an important step to fixing the duplicity created by the Sixth Circuit Court ruling and will help provide regulatory certainty to tens of thousands of farmers and growers across the country. With a fast-approaching court deadline to implement this new permitting structure, it is critical that the Senate pass this

legislation as soon as possible. We look forward to helping you get this legislation across the finish line.

And finally, as part of the Farm Bill debate, farmer-owned cooperatives are concerned that all forms of fruits, vegetables and tree nuts be eligible for all USDA programs.

In conclusion, thank you again for the opportunity to testify today before the Committee. And, thank you for your leadership in assisting American farmers and ranchers by supporting important specialty crop programs and policies. We appreciate your attention to these issues that will help maintain the United States as the leader in providing for the world's food needs.



Testimony of Dennis P. Engelhard

On behalf of the

Michigan Bean Commission

And

U.S. Dry Bean Council

Before the

United States Senate Agriculture, Nutrition, and Forestry Committee

G50 Dirksen Office building, Washington D.C.

July 28, 2011

Good morning.

Chairperson Stabenow, Ranking member Senator Pat Roberts, Committee members, other dignitaries and guests. I appreciate this opportunity to participate in the Senate Agriculture hearing entitled "Opportunities for Specialty Crops and organics in the Farm bill".

My name is Dennis Engelhard. I am a Farmer from Tuscola County, Michigan. Tuscola County is one of the largest agricultural counties in the U.S. and it is also one of the largest bean growing counties in the U.S. as well.

I have been involved in my family's 4 generation farm for over 35 years. I am a cash crop farmer producing corn, wheat, soybeans, and dry beans. When I graduated from high school, I knew the farm was my vocation and would be the way for me to support my family.

I am a past Chairman of the Michigan Bean Commission, which is a grower organization fully funded by dry bean growers in the state. The Michigan Bean Commission directs its efforts toward education, research and promotion of dry beans. I am also the current president of the U.S. Dry Bean Council, the national organization of Dry Bean producers, dealers and processors.

The last few years have been strong ones for agriculture. Farming has helped lift the nation out of some dark economic times. In Michigan, agriculture ranks number two in economic return to the state, second only to the automobile industry. This strong agricultural trend must continue. Currently the value of dry bean production in the U.S. was \$838 million with Michigan representing nearly 15 percent of that total, adding over \$122 million in economic stimulation to the state.

Dry beans, which represent approximately 18 percent of all specialty crops grown across the United States, yet, dry beans have not enjoyed the same benefits of many other crops in the Farm Bill. Some dry bean growers are reluctant to pursue some of those benefits. The restrictive planting clause has benefited growers by discouraging non-traditional growers from jumping into dry bean production during peak times for dry beans; we also understand the world climate has changed. As growers of dry beans, we would ask that if this clause needs to be addressed or modified, then we request something in return be granted the grower for their willingness to forego traditional payments for all of these years. That might mean that the current Specialty Crop Block Grants that our own Senator has championed, remain in place or possibly health related research such as the current Pulse Health Initiative or PHI be considered. The PHI is a collaboration between the Dry Bean, and Pea & Lentil industries with three major challenges that these two crops can and do address: Obesity & Chronic Disease; Global Hunger and Functionality; and Environmental Sustainability. If you return to the buildup of the 2007 Farm Bill, you will notice that many believed that bill would be shaped by four major considerations: Farm programs; WTO Cotton case; Broader WTO negotiations; and lastly, the Obesity Issue. Those items that shaped the 2007' Farm Bill will continue to be driving forces in the 2012 Farm Bill, and we believe that Dry beans and their healthy status could be a key to the obesity and other health issues.

The first thing I would like to talk about is the exciting new concept called the PULSE HEALTH INITIATIVE (PHI). The PHI was initiated by the Pulse Industry, which consists of the U.S. Dry Bean Council and the USA Dry Pea & Lentil Council and their respective members. Pulses are grown yearly in 24 states and processed yearly in an additional 13 states.

The PHI started with a planning session, in March 2010 at the ARS facility in Beltsville Maryland. This planning session brought together the leading pulse researchers from across the U.S. and included a number of ARS staff as well. The planning session centered around three research areas that need to be expanded:

- Health and Nutrition

With the pulses being low fat, a fundamental source of fiber, protein, and starch, high in folate, pulse crops provide an outstanding health and nutritional benefits that not only contribute to a healthy lifestyle, but can also help reduce serious health problems. The yearly indirect cost of

obesity alone is estimated at over \$450 billion a year (*McKinsey Quarterly, 2011*). Pulses could be part of the answer. While existing research of dry peas, dry beans, lentils and chickpeas is certainly valuable, it is just the tip of the iceberg. There is much more to be studied in pulse crops in order to unlock their full potential for preventing nutrition-related health problems that plague our world.

- Sustainability

As stated earlier, with global population expected to increase to 9 billion by 2050, the need to create dependable food sources that offer high nutritional value at low cost has never been greater. This creates tremendous pressure to produce more food on fewer acres. Pulse crops can be an integral component in designing sustainable production systems to effectively utilize limited land and water resources. For example, the water footprint beef is estimated at 1,857 gallons/pound, for chicken it is estimated at 469 gallons/pound, for soybeans it is estimated at 216 gallons/pound and pulses it is estimated at 43 gallons/pound (*National Geographic, April 2010*).

- Functionality/End Use

To better use the Health and Nutritional aspects of Pulses, plus their sustainability, additional research needs to happen in the functional use of pulse crops, such as milled flour and ingredients. Also, the need to develop convenient, healthy products from pulse crops must be accomplished as well.

These areas were determined to have very high potential for pulses at the planning session. How do we fund this? Pulses and specialty crops offer enormous potential to make our diet healthy. Funding research that encompasses their development makes America healthier. I am not advocating eliminating or making a major reduction in the long term research dollars that the grains have received, just a redistribution to bring pulses in line with their potential.

The Specialty Crop Block Grant program, championed by our own Senator, has certainly turned into one of the worthier grant programs currently available. In Michigan alone, we continue to have a number of applicants. Last year's 66 applicants has been the highest, and from a number of different crops, fields, and institutions.

Many applicants have strived to advance their technology through these grants. We took a different view. While the technology was there to increase speed of harvest and insure quality through direct harvesting, (via soybeans with direct harvest ability) we needed to find the correct varieties and agronomic practices to make this system work for dry beans. Our industry needed to adapt production to current technology. We are accomplishing this with help from our universities, our Michigan Department of Agriculture and Rural Development, USDA, and our own growers who all have contributed in this research effort.

We would also like to see the continuation of both the MAP (Market Access Program) and FMD (Foreign Market Development) programs. Currently the U.S. Dry Bean Industry exports 34 percent of its production (ERS/USDA&FAS numbers). Export of dry beans has been increasing

since 2004' and our industry obtained high export numbers in 2009' that had not been reached since 1990'. This increase is due in part or wholly due to the opportunities we have been granted through the MAP and FMD programs. Along with these two programs we must encourage the continuation of the PL 480 program. This program, also known as the food aid program, has done wonders in making sure that many around the world go to bed with food in their stomach. At the same time, while many are encouraging the infusion of cash rather than products to these areas, it seems at this time it is much easier to track and control food distribution than to track dollars that seem to be disappearing.

A success story for the dry bean industry with both of these programs is Angola. It started as a Food Aid country for beans, and with the help and foresight of USDA, and the dry bean industry, using FMD funds, Angola has developed into a quality dry bean market for our exports.

In conclusion the Pulse Health Initiative is the shining star of my presentation today. Its benefits reach far beyond the Farm Bill in shaping a bright and healthy future for our nation. I would encourage you to become fully aware of its benefits and make it part of your vocabulary as you develop this Farm Bill. Effective farm legislation has long been valuable in maintaining healthy low cost food for America. We look forward to the 2012 Farm Bill continuing that trend.

Thank you.

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Statement of

Kim Tait
Tait Farm Foods
Before the U.S. Senate
Committee on Agriculture
July 28, 2011

Chairwoman Stabenow, and members of the Senate Agriculture Committee, I am Kim Tait, owner of Tait Farm Foods. I am testifying on behalf of the thousands of small and medium size organic farmers across the country. Thank you for allowing me to provide testimony regarding the importance of organic agriculture and specialty crops in this country as it relates to the upcoming 2012 Farm Bill.

I own and operate a family farm in central Pennsylvania. It is a diversified business that has a number of inter-related enterprises, including a certified organic farm that operates 10 acres of vegetable, fruit & greenhouse production. Our primary market for organic produce is a Community Supported Agriculture (CSA) program that serves 200 members and 3 restaurants, as well as a local farmers market and an on-farm retail store. Tait Farm manufactures specialty foods and produces a line of 55 value-added products in our on-farm processing facility. The business also operates an on-farm retail store & greenhouse that supports 100+ regional food producers and artisans. In addition, we have a regionally based mail order catalog/internet and wholesale business. On the farm we also conduct educational workshops, tours & research in collaboration with Penn State University (PSU), local government and community organizations.

As a representative of the thousands of small to medium organic producers, I would like to emphasize that all of us have been and continue to be part of the fastest growing sector in the agricultural marketplace. Our successes come from growing consumer demand for healthy food and we serve local, regional, national & international markets. Our customers want to be assured of the organic authenticity of our products and are willing to pay for the additional integrity provided by the USDA organic seal. Our industry has generated double-digit growth in the market each year since 2002, except during the recent recession, when we experienced 8% growth. This is unprecedented when you consider the conventional food system grew by only .6%.

I have had the good fortune to participate in several of the USDA programs designed to help organic and small to midsize growers. These include the Organic Certification Cost Share, the EQUIP High Tunnel Grant, SARE Research Programs with PSU, NRCS - Soil Conservation Planning for farms, as well as Land Grant Agricultural Extension. I am also very proud to say that we have recently been approved to accept Food Stamps for our CSA.

These USDA programs provide significant help to organic producers. They allow us to grow our businesses by providing seed money to take the next steps. They are a hand up, not a hand out!

The results of the assistance have become firmly rooted in sound agricultural and business practices. The Organic Cost Share Program for organic certification is helping thousands of new and small farmers come into and stay in the growing organic marketplace. An example on my farm of the value of these programs is with the EQUIP High Tunnel Grant. The seed money from USDA provided two thirds of the cost and we were able to contribute the additional one third. This new growing structure will allow us to double our winter and early spring greens production. This is a good investment for both the government and us, and will continue to provide a return on the investment for the next 30 years. Equally important, our ability to accept Food Stamps will help us expand our market and allow families and individuals with limited means to purchase locally grown, organic foods.

Successful and diversified organic farming operations create jobs for rural communities, they train new young farmers, and they help meet the demand for organically grown foods on local, regional, national and international levels. With continued support, organic farms have the opportunity to provide even more healthy, fresh food to people of all economic means.

In order to assure the future viability and integrity of organic agriculture, it is essential we continue to have oversight and regulation from the National Organic Program (NOP). This governing body assures consumers around the world that they can buy organic food with confidence. Again, funding this program makes good economic and environmental sense. Its growth is driven by consumer demand and is being promoted nationwide by programs such as *Know Your Farmer*, *Know Your Food* and *Buy Fresh, Buy Local*.

Here is how I believe Congress can help us:

- Continue to fairly fund the National Organic Program and the growing organic marketplace.
- Support new and beginning farmers with the Organic Cost Share program. Please keep an eye on the ceilings for participation in Federal programs - in this economy they may quickly become too low.
- Continue to help organic farmers take the next steps, with a hand up! Support on-farm innovation through programs like EQUIP and renewable and green energy projects – We are a good investment!
- Simplify the granting process, making it and the timing of deadlines more farmer friendly. For example, the current Value Added Producer Grants have a deadline of August 29th - working farmers simply cannot write grants at the height of the growing season.
- Base grants on sound business proposals rather than feasibility studies. By and large, we are doers! For example - I don't need \$100K to study something when I know what I want and need to do, and have a sound business plan that might require \$60K - \$300K to implement and get it done!

- Make funding and tax incentives for farmland preservation and conservation easements permanent.
- Please don't over regulate us! Organic is already one the most regulated sectors of agriculture. We meet ALL food safety and nutrient management regulations, as well as the rigorous requirements of the NOP standards. We have an annual inspection of our farms and records, and are required to have full traceability of our food chain from seed to table. As for food safety – we are all for it. However, we are concerned that the Food Safety and Modernization Act is too burdensome for the small to midsize operations.
- Provide every American with access to fresh, healthy food.

We are all in this together and each of us has role to play. In nature, we know that *Diversity Creates Stability*. I believe the same is true for agriculture. It is the diversity of our farms and farming systems that make American agriculture great. Organic agriculture is an important part of the future of food, from local to global. We ask you to fairly support us in the 2012 Farm Bill.

Respectfully submitted,

Kim Tait

Kim Tait

Tait Farm Foods



**Prepared Statement
by
Charles Wingard
Director of Field Operations
Walter P. Rawl & Son, Inc.
Pelion, South Carolina**

*Opportunities for Specialty Crops and Organics in
the Farm Bill*

**Committee on Agriculture
United States Senate**

July 28, 2011

Introduction

Thank you, Madam Chair and Ranking Member Roberts, for the opportunity to testify before the Senate Agriculture Committee. My name is Charles Wingard and I am Director of Field Operations for Walter P. Rawl & Sons in Pelion South Carolina. Three generations of our family have farmed in this area since the 1920s, and nine family members oversee our operations today in a hands-on manner. We specialize in southern leafy greens such as collards, kale, mustard & turnip greens, and also produce a variety of summer vegetables in season along with a few other year round vegetable crops.

We have farm operations in several South Carolina counties and have farming relationships in Florida, Virginia, Mississippi, and New York. Our produce is marketed and delivered throughout the Eastern United States, and about one-half of our leafy greens are washed and packaged in our own facility and sold as fresh-cut chopped greens, with the rest sold in bulk.

We are also active in our industry's national trade association to lead efforts to help bring safe, healthy, affordable and great-tasting fruits and vegetables to the public. In this capacity I serve as a member of United Fresh Produce Association's Government Relations Council. United Fresh represents more than 1,700 growers, packers, shippers, fresh-cut processors, distributors and marketers of fresh fruits and vegetables accounting for the vast majority of produce sold in the United States. Finally, as a family-owned produce company, we strongly support the efforts of the Specialty Crop Farm Bill Alliance and their 140 organizations that represent the majority of specialty crops in the United States including fruits, vegetables, tree-nuts, wine-grape growers, nursery and landscape companies. All told this important coalition represents over 350 individual specialty crops across the United States.

However, today I take off my industry leadership hat and talk about the state of the specialty crop industry as I see it from a South Carolina farmer that is proud of my southern agriculture roots.

Overview

After nearly two years of debate, Congress passed the 2008 farm bill that has governed the nation's agriculture laws for the past 4 years. For specialty crops, the law makes a tremendous investment in our producers by recognizing the needs and priorities of fruits, vegetables, tree nuts, nursery and wine grape growers in the United States. In particular, this bill dedicates approximately \$3 billion in critical funding for specialty crop, pest and disease, nutrition, research and conservation priorities. Of particular note, is that none of this funding will go to

direct payments or subsidies from the federal government but rather strongly support infrastructure investments and expand market opportunities to build a strong specialty crop industry. As you know, specialty crops represent nearly half of farm income, so to have specialty crop interests included in the last farm bill in such an important way shows that Congress recognizes how important our sector is to the agriculture industry and to the well-being of Americans in general. Much of the success of our efforts can be attributed to you Madam Chair and your leadership during the 2008 farm bill debate.

From a produce grower's perspective, we continue to be driven and experience tremendous challenges in our business environment. We have worked hard to remain profitable, satisfy consumer demands, conform to and develop new technology, and compete in an increasingly global market place. In turn, our products are highly perishable and are driven by a risk taking entrepreneurial spirit that we in the produce industry continue to engage in. We put millions of dollars worth of working capital into the ground with every crop that we plant, never knowing for sure that Mother Nature, retail channels, the market place, or any other number of issues will or will not stand in the way and cause us to lose or gain from the investment that we have made. Our markets are highly volatile, yet we have never relied on traditional farm programs to sustain our industry. Instead, we look to each other to promote efficiency and reward market competition that so marks our industry.

Given the shifts and dynamics of our industry, we therefore welcome the opportunity to discuss with you today how the 2008 farm bill has enhanced the competitiveness of the produce industry and specialty crops more broadly while looking forward to the 2012 farm bill opportunities.

State-Block Grants

One of the key aspects of the 2008 farm bill with respect to specialty crops was the extension of the Specialty Crop Block Grant program through FY 2012 and provided CCC funding for the program – currently, there is \$55 million for FY 2010-2012 provided for SCBG. As you know, the sole purpose of this program is to promote the competitiveness of specialty crops, such as fruits, vegetables, tree nuts, dried fruits, horticulture and nursery crops. Over the life of the program, USDA reports that 2,500 projects have been funded that benefit the specialty crop in all 50 states and the projects have enhanced all aspects of growing and marketing specialty crops including research, plant and pest health, food safety and production. For example, in my state of South Carolina, SCBG funds were used to promote South Carolina specialty crops at a variety of trade shows, including ones in which my company participated. Funds were

also used for research to determine the quality and health benefits of locally grown fruits and vegetables. Furthermore, funds were used to create opportunities for vendors through marketing efforts to increase attendance at farmers' markets and improving sales for growers through a state-wide effort to promote South Carolina specialty crops through inclusion in restaurant menus.

Each one of these projects met or exceeded project goals, generating either immediate benefits to growers such as increased sales through the restaurant program, or long-term benefits through greater consumer awareness, in the case of increased attendance at industry trade shows and farmers' markets. The SCBG is a much needed effort to help specialty crop producers balance the uncertainties of agriculture production with improvements to their products and the access consumers have to those products. I urge you to maintain this program and work with the specialty crop sector to build on its success.

Pest and Disease Programs

The liberalization of international trade in agricultural commodities and commerce coupled with global travel has greatly increased the number of pathways for the movement and introduction of foreign, invasive agricultural pests and diseases. Economic damages from invasive pests and disease now exceeds \$120 billion annually.

The specialty crop industry continues to support expedited and aggressive actions by the federal government, in cooperation with the industry and stake holders at the state and local levels, to eradicate and protect the domestic market from the increasing threat of exotic pests and diseases entering the U.S. through international commercial shipments of products, as well as the importation of agricultural contraband by vacationing travelers and commercial smugglers.

Section 10201 of the 2008 Farm Bill has provided critical funding and direction for innovative initiatives to identify and mitigate offshore threats, and improve pest detection and rapid response in the U.S., thereby also improving domestic growers' ability to export product to other countries. APHIS has set priorities based upon six goal areas drawn directly from the language of the 2008 Farm Bill. This work is, of necessity, long-term work, and APHIS has worked diligently to involve stakeholders in an open and transparent process for identifying and funding the best ideas to accomplish the six goals:

- Enhanced analysis and surveys
- Enhanced domestic inspection activities
- Strengthened pest identification and technology

- Safeguarding nursery production
- Outreach and education
- Enhanced mitigation capabilities

The pest prevention mission of public agricultural agencies in the United States is to protect agriculture, the environment, and its citizens from the economic and environmental harm that injurious plant pests can cause. Satisfying this mission while, at the same time, providing for equitable and orderly domestic and international trade, is a major challenge. It is vital that the United States maintains its responsibility for the protection of the nation's food supply, our agricultural economy, and plant health. Therefore policies established under the 2008 Farm Bill provide the greatest opportunities for the reduction in risks, establish a consistent and clear communication structure, and provide for problem resolution with built-in accountability. We believe Congress should continue these important programs and build on their successes over the last four years.

Nutrition Programs

The role of investment in federal nutrition programs cannot be overstated. This investment in nutrition programs can increase consumption of specialty crops such as fruits, vegetables, and tree nuts and benefit the specialty crop industry.

With regards to the 2012 Farm Bill, I'd like to highlight the Fresh Fruit and Vegetable Snack Program which will reach more than 4 million low-income elementary school children nationwide this coming school year. This highly effective program provides young students with a fresh fruit or vegetable snack every day at school and increases their overall consumption of a wide variety of fresh fruits and vegetables. My state of South Carolina will receive \$2.7 M this school year to implement the Fresh Fruit and Vegetable Program; this will allow 128 of our elementary schools to participate and 40,000 students to benefit. How does this program translate to my business which is growing collard greens and other vegetables? Walter P. Rawls & Son has been a leader in the Fresh Fruit and Vegetable Snack Program since 2008. We have worked with South Carolina's Child Nutrition Director, Todd Bedenbaugh, to ensure successful implementation, we have traveled to school districts all over our state to promote the program and help local schools effectively implement it, and we have developed fresh-cut vegetables and fruits in kid-friendly packs designed specifically for schools to use in the Fresh Fruit and Vegetable Program and in school lunch. We are South Carolina's champions for the Fresh Fruit and Vegetable Program! This program is a WIN-WIN-WIN for agriculture and the produce industry, our kids and public health.

Therefore, we support a strong continued focus in the 2012 Farm Bill on nutrition programs and increasing access and availability of fruits, vegetables and tree nuts. In particular, we support continued priority on the Fresh Fruit and Vegetable Program, Section 32 commodity purchases, the Department of Defense (DOD) Fresh program for schools, and incentives to help low-income families purchase and consume more fruits and vegetables.

Research

Research serves as both a foundation and a catalyst for growth in the advancement of any industry. For the American specialty crop industry, successful research projects have the ability to reduce the future burden on the federal government through greater public access to healthy products, enhanced exports to growing consumer economies around the world, pest and disease resistant crops, reduced resource consumption and a variety of other beneficial applications. However, in order to offer these benefits and reach these goals, U.S. specialty crops urgently require an enhanced commitment to research and extension activities focused on their priorities.

U.S. specialty crop producers and processors face mounting challenges to their economic vitality and long-term viability in a highly competitive global marketplace: These include high production input costs, extensive need for hand labor, new invasive pests and diseases, escalating regulatory demands, and unique domestic and international market requirements. Unfortunately, federal investment in research and extension addressing those challenges has not kept pace with the dynamic growth and needs of the nation's specialty crop industries.

The importance of specialty crop research was first recognized by the Specialty Crop Competitiveness Act of 2004. This legislation modified 7 USC 5925 by adding specific language directed at the USDA: "Research and extension grants may be made under this section for the purpose of improving the efficiency, productivity, and profitability of specialty crop production in the United States." Subsequently, the 2008 Farm Bill included key provisions which for the first time dedicated significant funding to address industry priorities in specialty crop research and extension. The Specialty Crop Research Initiative and the Specialty Crop Block Grant Program are both based on competitive processes, require stakeholder involvement, and have already had significant impact. These investments must be sustained in the 2012 Farm Bill.

International Market Access

As SCGB is designed to identify and increase opportunities here in the US for growers of specialty crops, it is critical to work toward open markets and market opportunities for U.S.

specialty crops in other countries. Most importantly, the economic well-being of the produce industry and other agricultural commodity sectors depends heavily on exports. One-third or more of domestic production is sold to the 95 percent of the world's population living overseas. Agricultural exports funnel money from consumers around the world directly into U.S. agricultural communities, making a positive economic contribution to rural America and our nation's overall trade balance.

In 2010, the value of U.S. agriculture exports was \$109 billion and the trade surplus rebounded to its second highest level, \$30 billion, following the difficult global economic conditions of 2009. Unfortunately, the balance of trade in specialty crops has long been one of deficit. In contrast to the positive growth of the trade surplus for U.S agriculture (148 percent since 1999) the trade deficit for specialty crops has increased 162 percent during that same time and reached a record \$10.2 billion in 2010.

U.S. specialty crop growers face significant obstacles in the development of export markets for their commodities and unique challenges due to the perishable nature of our products. That is why we strongly support the continuation of two key programs that address sanitary and phytosanitary, as well as, marketing barriers to the export of U.S. specialty crops. Those programs are the Technical Assistance to Specialty Crops (TASC) and Marketing Access Promotion (MAP) programs, respectively.

Conservation

Today, United States consumers have affordable access to the most abundant and diverse food supply in the world. However, aside from market diversity and competitive prices, consumers demand that food be held to a very high standard. Likewise, consumers want an agricultural production system that not only produces abundant, affordable and safe food and fiber, but also conserves and enhances the natural resource base and protects the environment.

Unfortunately for producers, investments in natural resource management and conservation are rarely recouped. The short-term economic value for the farmer does not compare to the ecological and fiscal benefits for the public and for future generations. The increased benefits for the public come in the form of a more stable and productive farm economy and an improved environment. Protecting the environment and productivity today will mean less cost for producing products in the future and will therefore assist in ensuring sustainability in the years ahead.

For the specialty crop industry, there continues to be mounting pressures of decreased availability of crop protection tools that can be used to provide the abundant and safe food supply the consumer demands. In turn, environmental regulations continue to put pressure on the industry's ability to be competitive in a world economy. Because of these factors, Congress should consider assistance that encourages producers to invest in natural resource protection measures they might not have been able to afford without such assistance. Such programs would include EQIP, CSP, and WHIP.

Value-Added Grants

Since its inception as part of the Agriculture Risk Protection Act of 2000, the Value Added Producer Grant program has consistently shown that it is a productive, effective program that helps value-added Specialty Crop producers increase income and expand their businesses. Congress continues to recognize the importance of rural community and economic development in Title VI of the 2008 Farm Bill including Value-Added Agricultural Market Development and Program Grants. The ability of the Specialty Crops industry to apply for grants through this program is vitally important for the manufacturing of value added products that increase farm income, improve consumer food choices, and create jobs. Given its importance to rural economic development, rural business expansion, and the enhancement of economic competitiveness of Specialty Crops, the Valued Added Agricultural Market Development and Program Grants should be retained in the 2012 farm bill.

Planting Flexibility

There are a number of reasons why policymakers should continue work on policies that allow the specialty crop industry to innovate and thrive. Specialty crops are important to the good health of Americans and to the efforts in our country to prevent disease, reduce obesity, and improve the well-being of our citizenry. Ultimately, the goal of any specialty crop federal agriculture policy should be to enhance the tools necessary to drive demand, utilization, and consumption of our products and not distort the production of those products with respect to domestic and international markets.

The specialty crop industry strongly supports maintaining or strengthening the current restrictions that prevent the planting of fruits and vegetables on acres receiving program payments and discontinuing the Planting Transferability Pilot Program (PTPP). The PTPP allows program crop producers in select states to shift program acres to fruits and vegetables for processing without penalty, thereby affecting the existing specialty crop market conditions. The goal of any responsible farm policy should be to enhance the tools necessary to drive

demand, utilization, and consumption of specialty crops, and not distort the production and marketing of these commodities in the United States. Unfortunately, the PTPP program has fallen well short of that goal.

Conclusion

We look forward to working with the Committee on the development of the next Farm Bill. Many of the pressures that specialty crop producers and my family farm face are similar to those of producers of other commodities – increased regulation, high energy costs, transportation costs and input costs. However, the perishability of our crops result in different marketing strategies, market requirements and the need to move our products to market quickly. We hope these unique characteristics can be addressed through agricultural policies that drive domestic consumption, and expand foreign market access while investing in research, food safety, conservation and pest exclusion policies that benefit the members of the specialty crops industry. Like producers of program crops, fruit and vegetable growers face significant challenges in the production and marketing of their commodities that must be addressed if they are to be competitive in an increasingly global marketplace. We ask that the Committee continue to build on the foundation and investment of the 2008 Farm Bill and ensure that our important issues are appropriately addressed as you move forward in the development of the 2012 Farm Bill. We certainly recognize the fiscal constraints facing the Congress, however, the many challenges facing our industry will only worsen if real and adequate policy reforms are not provided through a farm bill that appropriately meets the needs of the broad U.S. agriculture community.

Thank you.

**Statement of Robert Woolley
Before the
Senate Committee on Agriculture, Nutrition, and Forestry
Hearing on
Opportunities for Specialty Crops and Organics in the Farm Bill
July 28, 2011**

Chairwoman Stabenow, Ranking Member Roberts, distinguished Members of the Committee, and guests, thank you for the opportunity to testify today on how the Farm Bill can help to ensure the success of the specialty crop industry. I am Robert Woolley, owner of Dave Wilson Nursery, a California nursery producer of approximately five million deciduous fruit, nut and shade trees annually. Two-thirds of the planting stock I produce goes to commercial orchardists, and the remaining third is sold at wholesale for the home garden trade.

My testimony is offered as well on behalf of the American Nursery & Landscape Association (ANLA) and the California Association of Nurseries and Garden Centers (CANGC). ANLA, which represents all facets of the nursery and landscape industry, is also an active participant in the Specialty Crop Farm Bill Alliance. CANGC, celebrating its 100th year, is the only organization in California that represents all segments of the nursery industry in my state. Together we are appreciative of the fact that meaningful specialty crop provisions were a feature of the Farm Bill passed by Congress in 2008.

Today I would like to focus on two sections of the Farm Bill that are of particular importance to specialty crop producers. Title X, Sec. 10201 provided funding for critical plant pest and disease initiatives. Sec. 10202 funded the National Clean Plant Network, or NCPN. Together, these sections of the Farm Bill acknowledge that devastating foreign plant pests and pathogens present enormous threats to U.S. specialty crop producers, and they are funding vital programs to address the threats. I will then touch on a few impediments to the orderly and efficient implementation of these critically important initiatives in the hope that they can be addressed going forward.

Section 10201 – Plant Pest and Disease Programs

Sec. 10201 has funded a range of programs and initiatives in partnership with collaborators including industry and the states. Funded programs have been suggested, organized, prioritized, and implemented under six broad goal areas:

- Enhance Analysis and Survey
- Domestic Inspection
- Enhance Pest Identification and Technology
- Safeguard Nursery Production
- Outreach and Education
- Enhance Mitigation

Important work has been accomplished under each of these goal areas, and is summarized in USDA-APHIS' periodic reports to Congress. Goal 4, Safeguard Nursery Production, recognizes that nursery stock can be a vector for moving serious pest threats around the

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country and globally. Several funded projects are looking into innovative systems for managing pest threats, modernizing the nursery certification system, and avoiding the spread of disease threats like *Phytophthora ramorum* (the cause of so-called Sudden Oak Death) on nursery stock. Another initiative established the National Ornamentals Research Site at Dominican University of California, where work on disease prevention, detection and mitigation strategies for quarantine pest threats is now underway in a "real-world" setting.

Goal 6, Enhance Mitigation, is intended to provide another tool for early and rapid response to a new pest introduction, or to implement dynamic strategies as needed. Perhaps the best recent example of a program success involves Plum Pox Virus (PPV), which I will go into later. Other important work is targeting recent detections such as the European grapevine moth.

Before leaving Sec. 10201, I would like to note that USDA-APHIS has done a generally good job of managing a broad-based and inclusive process for soliciting and receiving funding suggestions from cooperators including the states, industry, and other federal agencies.

Section 10202-National Clean Plant Network

I am well positioned to speak to the success of this program, as I have maintained an active leadership role in various clean plant and nursery industry committees, most recently as a member of the National Clean Plant Network Tier 2 governance committee for fruit trees.

What is a "clean plant?" A "clean plant" is free of systemic infection by especially injurious or quarantine graft-transmissible disease-causing pathogens. (Graft-transmissible means spread through the most common methods for producing new plants that are essentially copies of the desired variety.) Enabling our nursery industry to produce clean plants is of critical importance because a number of serious diseases--virus and other graft-transmissible agents--can be moved into the United States or to new locations by nursery stock. Once a disease that systemically infects perennial plants has become established in a region, it is usually impossible to eradicate.

Infected plants have deleterious impacts on the fruit and nut tree and other specialty crop industries, including:

- Low yields and unpredictable cropping times;
- Poor fruit quality affecting flavor and marketability;
- Premature plant decline and death requiring frequent and expensive replacement and affecting both home owner and grower confidence in our industry and its products;
- Frequent and expensive treatments in the nursery and in fruit and berry farms and orchards to mitigate plant problems;
- Decreased ability to move both plants and resulting crops in domestic and international trade.

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Virtually all fruit and nut trees are propagated asexually, via budding or grafting. This allows graft-transmissible disease to spread in nursery stock if plants are grown from infected mother trees. Diseased mother trees often show no signs of infection, even when infected with serious quarantine disease, and once infected with a virus or virus-like agent, the disease can't be removed from an orchard tree. So, to prevent the spread of disease, nurseries rely on various testing protocols to determine if mother plants are clean.

The National Clean Plant Network diagnoses and treats plants against the pathogens that cause serious disease. This prevents the spread of plant disease by enabling nurseries to produce clean plants as well as providing a safe method for the introduction of new varieties from abroad.

The fruit and nut tree component of the National Clean Plant Network is comprised of three regional centers: the Clean Plant Center of the Northwest located at Washington State University, Prosser; Foundation Plant Services at the University of California, Davis; and the Southeastern Budwood program at Clemson University in South Carolina. The National Clean Plant Network provides technical expertise and equipment not available in the private sector to test 'mother' trees to see if they are clean. If no clean trees are available, the NCPN has the capability to eliminate virus and other disease causing pathogens via heat treatment, chemotherapy, and other effective methods that cannot be implemented at the farm level.

In addition to supporting the needs of the fruit and nut tree industry both nationally and regionally, the NCPN also works with other specialty crops such as grapes, berries, citrus, and hops; building broad cooperation among interests that help to provide access to clean high-value crops crucial to nurseries and growers. This year, the network is providing support to these specialty crops through 18 clean plant centers in 14 states that ensure provide diagnostic and therapeutic services, and to help establish 'mother' plantings from which nurseries can obtain clean material vital to the specialty crop industry. The NCPN maintains mother trees in isolated orchards that are periodically tested to confirm their cleanliness, and serve as a protected source of disease tested plants for use by industry.

The NCPN provides the critically important role of screening new varieties for safe introduction to U.S. producers. New fruit and nut varieties are often considered the "life blood" required to maintain the competitiveness of U.S. producers. Our producers need the safe and affordable method provided by the NCPN to obtain new varieties from overseas sources—without this capability, illegal ("suitcase") importation of plant materials will occur, with the accompanying hazard of the introduction of exotic and destructive disease. The NCPN also plays a crucial role in enabling the exportation of nursery stock and new varieties by U.S. producers by providing testing for required phytosanitary documentation.

NCPN scientists also develop new detection methodologies and provide advice to state and Federal regulatory agencies regarding certification programs. Recent advances in plant

pathogen diagnostic and treatment technologies being supported by the NCPN (such as deep sequencing and cryotherapy) are allowing scientists at clean plant centers to rapidly

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and more fully understand and treat disease at early stages; namely to be pro-active (rather than reactive) in their elimination of disease causing organisms before they become a problem.

The NCPN coordinates regional clean plant facilities into a cohesive and efficient national network, providing a forum for the exchange of technical information, coordinated planning between clean plant centers and the harmonization of certification standards which will allow the safe interstate/inter-regional and international movement of nursery stock. NCPN, working in states such as Michigan, Oregon, and Pennsylvania, is exploring opportunities to more efficiently and rapidly facilitate the movement in the nursery trade of clean plants such as fruit trees, nut trees, and berries.

Select accomplishments of the NCPN for all 5 specialty crops – fruit trees, grapes, berries, citrus, and hops – include the following:

- About 800 plant accessions annually undergo crucial diagnostic and therapeutic services;
- About 5,000 plant accessions of the greatest industry interest are maintained in secure quarantine foundation plantings;
- About 30,000 tests are conducted annually on plants in the field to ensure their continued freedom from disease causing organisms, thus ensuring their safe availability to industry;
- About 200,000 clean buds, scions, and rootstock are made available annually to nurseries and growers, much of this supporting the fruit and tree nut industry;
- Support to five specialty crop industries (fruit trees as well as grapes, berries, citrus, and hops) at 18 clean plant centers in 14 states.

We see the NCPN as one of the very brightest success stories of the Farm Bill. Before the NCPN was formed in 2009, regional clean plant facilities served the orchard and nursery industries with good cooperation and interaction but without the robust coordination and adequate resources provided by the new national network. Continued funding of the NCPN under the Farm Bill is essential to maintaining and improving the network's role of protecting U.S. nursery and specialty crop producers, the home landscape, and even the environment.

Plum Pox Virus – a Farm Bill Sec. 10201/10202 Success Story

Plum pox virus (PPV), a serious disease of stone fruit, was first detected in the United States in September 1999. Overall, more than \$4.5 million in Farm Bill Sec. 10201 funding from 2009 through 2011 went toward local and national detection surveys to mitigate or manage immediate threats from the disease to U.S. stone fruit growers in Pennsylvania, New York, and Michigan. In 2009, USDA-APHIS and state partners used Farm Bill funding to complete the last stage of intense monitoring to declare eradication of PPV in Pennsylvania.

Without 10201 funding eradication efforts in Pennsylvania may not have been successful. For successful eradication, surveys must be ongoing for several years, even after an area has tested

negative. Such programs are expensive to maintain and without additional Federal funding, Pennsylvania may not have sustained its PPV eradication program to completion.

To quote Benjamin Franklin's most famous adage, "An ounce of prevention is worth a pound of cure." The overall cost of the Pennsylvania plum pox eradication effort—including surveys, indemnifications for removal of orchards and impacts to the local community—is estimated in USDA studies to be close to \$50 million dollars. The \$5 million annual funding of the National Clean Plant Network via Sec.10202 of the Farm Bill is a well-spent "ounce of prevention" that will enable the safe importation of plant materials, thereby reducing or eliminating the temptation for illegal ("suitcase") importations and the accompanying risk of the introduction of serious pests and disease.

Funding and Program Implementation Challenges

Congress in the 2008 Farm Bill recognized the need to improve the pest safety net, but the improvements in that important legislation have been threatened, and the threat extends beyond these programs to many others in the bill. As you know, USDA after the Farm Bill became law determined that an earlier cap on administrative costs applied to many Farm Bill programs. If the funding for that program came from Commodity Credit Corporation and if its expenses included what USDA called "administrative," then the funding was blocked. This legal opinion held up money for the Clean Plant Network and Section 10201; it also applies to Specialty Crop Block Grants as well as other programs.

Of course, given that Congress set the funding levels for these new programs, it stands to reason that the cap was not intended to apply. USDA did not see it that way, forcing Congress to temporarily overturn this decision in the stimulus bill and in last year's continuing resolution. These fixes remain temporary and the programs have suffered from stopping and starting. Many specific projects require advance planning for staffing, purchase of supplies like traps and lures, or are tied to specific stages in a pest or pathogen's life cycle, which cannot be adjusted to meet the vagaries of the Congressional calendar. Important projects focused on providing solutions to pest emergencies have been delayed and in some cases lost.

We urge Congress to enact a permanent fix. I am a nurseryman, not a lawyer, but I am told that the USDA opinion rests on questionable legal conclusions that were never shared with Congress before the opinion became final in December 2008. The fact that Congress has twice reversed this decision, and the House has again reversed it in the FY2012 agriculture appropriations bill demonstrates Congress' disagreement with USDA's decision. Nevertheless, the best way to preserve these important programs and protect agriculture for pests and disease issues is to permanently fix the problem that USDA identified.

Similarly, emergency funding is another area in which executive branch decisions have blocked congressional directives. Outbreaks from invasive pests have dramatically increased in recent years. Nursery and other specialty crop growers lose plants and lose markets when a pest invades our area. Section 10201 and the NCPN serve to avoid these

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pest emergencies. But when they do occur, fast action is necessary. The Plant Protection Act, along with the annual agriculture appropriations bill, tells USDA to move quickly and to tap emergency funding when necessary. Over the years, this promise of fast action has languished in the face of bureaucratic second-guessing. The Office of Management and Budget (OMB) has decided that it is the best judge of when there is a pest emergency.

In the last Farm Bill, Congress again told OMB that these decisions were best left to those expert at fighting pest infestations. Section 10203 of the Farm Bill says that decisions about what is an emergency or an extraordinary emergency are the sole responsibility of the Secretary of Agriculture. It is unclear what impact this amendment to the Plant Protection Act has had, and I would encourage this Committee to use its oversight powers to ensure that USDA – and OMB—comply with the law.

Conclusion

In 2008, the Farm Bill became extremely relevant to the specialty crop industries which, as you know, represent roughly half the value of all U.S. crop production. Moreover, they generate jobs and economic activity in rural communities well beyond that generated by traditional mechanized row crops. To illustrate, a farming colleague in New York recently shifted 1000 acres out of high-value vegetables, and into field corn, over concerns about labor availability. Her payroll for farming that 1000 acres went from \$2.5 million for vegetables, to about \$70,000 for field corn. This represents a huge decrease in money being generated and spent in a rural area that lacks much economic opportunity.

For the nursery industry, and the fruit, nut, berry, grape, and other industries it supports, the plant pest and clean plant provisions have been among the most beneficial. We hope that they will be continued – and improved upon – in the next Farm Bill. Thank you again for this opportunity to testify at this important hearing.

Testimony of Dr. Cathie Woteki
Undersecretary for Research, Education, and Economics, USDA
Before U.S. Senate Agriculture Committee
Hearing on
Opportunities for Specialty Crops and Organics in the Farm Bill
July 28, 2011

Chairwoman Stabenow, Ranking Member Roberts, and members of the Committee, thank you for this opportunity to share some of the recent advances in specialty crops research and organics at the U.S. Department of Agriculture (USDA). I look forward to learning more about your interests and how we can work together to advance scientific insights and new technologies to address the needs of the specialty crops industry.

Specialty crops were defined in the Specialty Crops Competitiveness Act of 2004 (P.L. 108-465) as fruits, vegetables, tree nuts, dried fruits, and nursery crops, including floriculture. In addition, the 2008 farm bill included new provisions for horticulture and organic production in Title X (the Horticulture and Organic Agriculture Title), providing nearly \$1 billion in funding over the next ten years. In addition to about half of this spending being used to expand the Specialty Crop Block Grant Program, the bill also provides new mandatory funding for growth of farmers' markets and for transitioning producers to organic production, and authorizes funding for a new federal-state cooperative pest and disease early detection program. The Horticulture and Organic Agriculture Title also provides for price reporting and organic data collection, among other provisions. Along with the Horticulture and Organic Agriculture Title, Title VII (Research Title) through its creation of the National Institute of Food and Agriculture (NIFA), and various other provisions, provided additional programs that support specialty crops and organics through agricultural research, education, and extension.

We in the Research, Education, and Economics (REE) mission area at USDA take a multi-agency, multidisciplinary approach to address the needs of specialty crops. The REE specialty crop portfolio is a good example of how we build upon and integrate the capabilities of our four research and statistical agencies for a comprehensive approach. Recent estimates show that specialty crops produced in the U.S. in 2007 were valued at \$67.4 billion. While specialty crops represented 12.7 percent of U.S. harvested crop acreage in 2007, they were 46.9 percent of U.S.

crop value and employed nearly 1.4 million workers. In addition, the 2007 Census of Agriculture found that beginning farmers are more likely to be involved in specialty crop production. We are also aware that the largest segment of the emerging organic agriculture sector is in specialty crops.

It is because of statistics like this that all four of the agencies within the REE mission area—the Agricultural Research Service (ARS), the National Institute of Food and Agriculture (NIFA), the Economic Research Service (ERS), and the National Agricultural Statistics Service (NASS)—conduct research on different aspects of specialty crops. Additionally, the 2004 Specialty Crops Act established a specialty crops subcommittee within the National Agriculture Research, Education, Extension, and Economics (NAREEE) Advisory Board to advise on emerging and long-term research needs pertaining to specialty crops.

This subcommittee conducted Specialty Crop Listening Sessions in East Lansing and Grand Rapids, MI, last week and heard from representatives from Michigan's specialty crop industry. While the advisory committee is working to compile all the information gathered during the sessions, some of the issues raised pertain to easing regulations to market specialty crops abroad, encouraging more regionally specific specialty crop research, and the need for more economic studies and statistical analyses on specialty crops.

I would like to take the next few minutes to talk about some of the accomplishments of the REE agencies in this field and spend some time discussing the potential continued benefits of further investments in specialty crop research.

EXTRAMURAL RESEARCH

In addition to creating NIFA (formerly the Cooperative State Research, Education, and Extension Service), section 7311 of the Research Title of the 2008 Farm Bill established a mandatory competitive grants program under NIFA specifically devoted to specialty crops called the Specialty Crop Research Initiative (SCRI). SCRI a total of \$230 million over five years from 2008 to 2012 dedicated to help develop and disseminate science-based tools and

technology to address the critical needs of the specialty crops industry. In particular, this program funds:

1. Research in plant breeding, genetics, and genomics to improve crop characteristics like appearance, taste, and environmental tolerances;
2. Efforts to identify and address threats from pests and diseases and threats to crop pollinators;
3. Efforts to improve production efficiency, productivity, and profitability;
4. New innovations and technology; and
5. Methods to mitigate potential food safety hazards.

SCRI's funding requires a non-federal 1-to-1 funding or in-kind match and also requires project proposals to combine research and extension. This helps ensure that new products, processes, practices, and tools are made available to specialty crop stakeholders. Even though most SCRI-funded projects have not yet reached completion, growers and consumers are already benefiting from this investment.

For example, water availability for agricultural use is an important issue for many farmers. SCRI has funded projects to reduce the amount of water needed to profitably and sustainably raise crops. One project in California has the potential to reduce water use in grape production by 153 billion to 307 billion gallons per year. This is enough water to meet the daily household water needs of over 6 million Americans for an entire year, or about the equivalent of the populations of Los Angeles and Chicago combined.

Fruit growers must reduce the quantity of fruit on their trees so that the remaining fruit reaches marketable size. Until recently, U.S. growers did this either with chemicals or manual labor. One SCRI-funded project looking at mechanical thinning techniques demonstrated \$500 to \$700 per acre savings in apricots and nectarines and \$200 to \$500 per acre savings in cherries during commercial field trials. This has led to increasing adoption of this technology across the entire country. This will result in local jobs to manufacture and service the needed equipment, increased wages for workers who move from manual labor to equipment operation, and savings for consumers in the grocery store.

SCRI-funded work on biological control of insect pests (in particular, codling moth) in orchards in the Pacific Northwest demonstrated that sustainable pest management, which includes maintaining natural predators of orchard pests, can reduce annual orchard pest management costs of \$2300 by 25 percent.

A digital insect trap developed with funding from SCRI, which can be “tuned” to detect and count specific insect pests through targeted pheromones, can provide real-time data on infestations. A new company has been formed to commercialize the trap, which can improve pest management and lower environmental impacts. Early economic projections suggest that nationally these traps could save growers \$50-75 million annually.

For many tree fruit crops, harvesting accounts for approximately 50 percent of production costs. An augmented harvesting system for apples (but also applicable to peaches, apricots, and nectarines) has been developed and is being tested by a commercial partner. Full-scale field experiments, currently in progress, are expected to demonstrate at least a 25 percent increase in worker productivity and a reduction in fruit bruising, which will lead to increased quality and longer shelf-life.

A project recently initiated with funding from SCRI expects to develop and demonstrate successful system-wide and area-specific business enterprise models for production and marketing of ethnic specialty crops by small farmers. Regional economic impact for these small, disadvantaged producers is projected at \$3 million annually. The models in development should be readily transferable to other regions and producers with comparable economic impact.

Recent testing of a tree counting device (developed in an SCRI project) by a company that specializes in crop inventory management for the tree nursery industry demonstrated, in a million tree count in a Washington State nursery, that they were able to complete the count, pay all their labor, and pay for the two counter devices with money to spare for this single job.

Ladders are still used for many manual orchard operations, which makes them inefficient and unsafe for workers. Autonomous orchard platforms, developed with SCRI funding and currently being tested in commercial orchards, have demonstrated worker efficiency improvements of 33-58 percent, reducing average per acre costs from \$150 to \$63, while virtually eliminating ladder-based safety concerns. Because these platforms are automatically powered, workers suffer less fatigue and the need to carry heavy bags of fruit is eliminated.

NIFA also offers the Organic Agriculture Research and Extension Initiative (OREI), which specifically supports organic agriculture. The OREI seeks to solve critical organic agriculture issues, priorities, or problems through the integration of research and extension activities. The purpose of this program is to fund projects that will enhance the ability of producers and processors who have already adopted organic standards to grow and market high quality organic agricultural products. Priority concerns include biological, physical, and social sciences, including economics. The OREI is particularly interested in projects that emphasize research and outreach that assist farmers and ranchers with whole farm planning. Projects aim to deliver applied production information to producers. Fieldwork must be done on certified organic land or on land in transition to organic certification, as appropriate to project goals and objectives. The Fiscal Year 2011 Request for Applications (RFA) closed February 10, 2011 and applications are currently under review. Total program funding of \$19 million will be competitively awarded in FY 2011.

INTRAMURAL RESEARCH

Combining NIFA's extramural investments with the intramural efforts of ARS adds to REE's efforts on specialty crops. A majority of ARS's specialty crops research is focused in the areas of breeding and genetics, detection and management of existing or emerging pathogens, pests, and weeds. Additional research concentrates on genomics, crop production systems, food safety, product quality, and new uses.

An example of how long-term investment in ARS's intramural research supports specialty crops is the critical germplasm collections for specialty crops. These collections are resources for crop

breeders as well as those using new technologies of genetics and genomics to create enhanced cultivars.

Another example of ARS research that benefits specialty crops is the development of the technology called “FasTrack Breeding” where ARS scientists in Kearneysville, WV have shortened the breeding time of plum trees from 15 years to 5. In order to speed up the breeding process, FasTrack Breeding introduces an early flowering gene from poplar into parent fruit trees, but through advanced seedling selection allows for the creation of non-genetically engineered new cultivars. This process has great potential for enhancing domestic fruit production, especially in the family of trees that grow plums, peaches, cherries, apricots and almonds.

Finally, ARS scientists in Wooster, OH have developed a new potting material for nurseries primarily made up of switchgrass. A biofuel crop that can be grown and harvested locally, switchgrass is proving to be a viable, lower-cost alternative to pine bark for the nursery industry.

STATISTICS AND ECONOMICS RESEARCH

Complementing the intramural and extramural research of ARS and NIFA, the other two agencies in REE, ERS and NASS provide important data and analyses for the specialty crop sector.

Specialty crop surveys and estimates run by NASS cover fruits, nuts, vegetables, mushrooms, nursery and floriculture. Over the course of a year, NASS collects data on acreage, yield, production, price, value, and disposition of specialty crops. A separate processing production forecast is conducted each September. The Nursery and Christmas Tree Production Survey provides estimates of the numbers of nursery producers, production area, hired workers, sales and inventory by plant category for the 17 largest nursery producing states. This survey is conducted every three years. The Commercial Floriculture survey is a census of 10,000 commercial floriculture operations that produce and sell at least \$10,000 worth of fresh cut flowers, potted flowering plants, foliage plants, and related items in a year. Additionally, 2007 marked the first time the Census on Agriculture focused on Specialty Crops.

NASS also released the first ever survey of organic producers last year. According to the results of the 2008 Organic Production Survey, the nation's organic farms and ranches have higher average sales and higher average production expenses than U.S. farms overall. The survey was undertaken in direct response to the growing interest in organics among consumers, farmers, businesses, policymakers and others and will serve as an important building block for future policy and program development. The survey counted 14,540 U.S. farms and ranches that were either USDA certified organic or were exempt from certification because their sales totaled less than \$5,000. These operations comprised 4.1 million acres of land, of which 1.6 million acres were harvested cropland and 1.8 million acres were pasture or rangeland. Drawing from organic farms or ranches in all 50 states, organic operations had an average of \$217,675 in sales, compared with \$134,807 for all farms as reported in the 2007 Census of Agriculture.

The studies that ERS has conducted over the last year on specialty crops have covered a number of different topics. Some of these have included studies on labor in the specialty crops industry, the impact of E. coli contamination of spinach on other specialty crops, and an overview of specialized vegetable and melon farms. Additionally, ERS has examined import refusal data of certain foods and a cost study of 153 commonly consumed fresh and processed fruits and vegetables. Currently, ERS is studying issues like the cost of food safety in the lettuce industry, markets and consumer demand for fruits and vegetables, and organic agriculture market analysis and outlook.

CONCLUSION

Going forward our path is clear. The growing awareness of the national epidemic of obesity and an increased focus on nutrition is helping to propel the specialty crops industry. While the specialty crops industry will by no means supplant our investments in and support for research in traditional commodity crops, leveraging USDA science is a key factor in the continued success of the specialty crops industry.

Additionally, REE is committed to maximizing federal dollars by ensuring systematic monitoring and evaluation. While the scientific method requires the flexibility to replicate

results, NIFA's leadership, program managers, and researchers rigorously track scientific projects through its Current Research Information System (CRIS) to avoid duplication. In addition NIFA and ARS hold joint stakeholder meetings on scientific research to pull together research projects that are compatible and not duplicative.

As I have highlighted, USDA's REE mission area uniquely has the ability to conduct foundational, pre-commercial scientific research, develop educational tools, and use its vast extension network to promote best practices for specialty crop and organic producers and consumers. I appreciate your time and would be pleased to answer any questions that you may have.

**Ann Wright, Deputy Under Secretary
Marketing and Regulatory Programs
U.S. Department of Agriculture**

**Before the
Senate Committee on Agriculture, Nutrition and Forestry**

July 28, 2011

Chairwoman Stabenow, Ranking Member Roberts, and members of the Committee, thank you for inviting me to appear before you today to provide a comprehensive picture of the specialty crop and organic activities undertaken by the U.S. Department of Agriculture (USDA). It is our hope that this examination of the specialty crop, organic, pest and disease management, and Section 32 activities will prove helpful as you begin work on the next farm bill.

The Horticulture and Organic Agriculture Title (Title X) of the 2008 Farm Bill represents the first time that a farm bill title was devoted exclusively to these two sectors. USDA's Agricultural Marketing Service (AMS) and the Animal and Plant Health Inspection Service (APHIS) are the primary agencies with responsibility for implementing Title X.

The Specialty Crops Competitiveness Act of 2004, as amended by the 2008 Farm Bill, defines specialty crops to include fruits and vegetables, tree nuts, dried fruits, horticulture and nursery crops, and floriculture. Using this definition, specialty crops accounted for about 17 percent of the \$192 billion in U.S. agricultural production in 2010. This level of productivity was accomplished on only about 2 percent of the country's crop acres.

The economic vitality of rural America and the U.S. economy at large depends on a competitive, efficient, and productive agricultural system. In order to increase prosperity and sustainability in our Nation's agricultural system and rural communities, AMS conducts oversight activities designed to protect producers from unfair competition and business practices. AMS assists producers in the management and marketing of specialty crops through the development and oversight of national standards for the production and handling of agricultural products. Under the National Organic Program (NOP), AMS also develops and oversees the standards of products labeled as "organic." Additionally, AMS supports producers by providing market trend analysis and business and marketing tools to producers, which includes daily reports on hundreds of commodities. This information impacts billions of dollars in agricultural products each year.

Grant Programs

AMS administers two grant programs that were reauthorized and amended in the 2008 Farm Bill. The Specialty Crop Block Grant Program provides funding to States and U.S. territories to enhance the competitiveness of specialty crops. The agency, commission, or department responsible for agriculture within each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands are eligible to apply for these grant funds from

USDA. The minimum base grant each State or U.S. territory is eligible to receive is equal to the higher value of \$100,000 or one-third of one percent of the total amount of funding made available for that fiscal year (FY).

The 2008 Farm Bill provided the following funding levels for the Specialty Crop Block Grant Program from the Commodity Credit Corporation (CCC): \$10 million in FY 2008, \$49 million in FY 2009, and \$55 million for each FY 2010 through 2012. In FY 2010, approximately \$55 million was awarded for 54 grants that funded 827 projects, an approximate 10 percent increase in the number of projects funded the previous year. The application deadline for FY 2011 awards was July 13, 2011.

The last Farm Bill also amended the definition of specialty crop to include horticulture, and added Guam, American Samoa, the U.S. Virgin Islands and the Commonwealth of the Northern Mariana Islands to the list of "states" eligible to apply for grants. These changes required AMS to undertake rulemaking that was completed on March 27, 2009, with the publication of the final rule in the *Federal Register*.

The other AMS grant program reauthorized and amended in Title X of the 2008 Farm Bill is the Farmers' Market Promotion Program (FMPP). This program seeks to improve and expand domestic farmers' markets, roadside stands, community-supported agriculture programs, agri-tourism activities, and other direct producer-to-consumer market opportunities. The 2008 Farm Bill extended the FMPP through 2012 and provided \$33 million in CCC funds: \$3 million in FY 2008, \$5 million in both FY 2009 and FY 2010, and \$10 million in both FY 2011 and FY 2012.

The Farm Bill specified statutorily the categories of farmer-to-consumer direct marketing activities eligible for funding under the program. It also required that not less than 10 percent of the funds used to carry out the program in a fiscal year are to be used to support the use of Electronic Benefits Transfers (EBT) at farmers' markets. The 2010 awards totaled approximately \$4.3 million (81 awards in 35 states). A proposed rule that established eligibility and application requirements, the review and approval process, and grant administration procedures, was published in the *Federal Register* on June 19, 2011. The 2011 Notice of Funding Availability (approximately \$10 million) was published on June 3, 2011, with a deadline of July 1, 2011 for submission of grant proposals.

Since 1994, USDA has counted the number of operational U.S. farmers markets. During that time, the number of farmers markets listed in the USDA National Farmers Market Directory has skyrocketed from 1,755 to 6,132. In fact, there was a 16 percent increase in the number of farmers markets from 2009 to 2010.

Market News

AMS' Market News disseminates detailed information on marketing conditions for hundreds of agricultural commodities at major domestic and international wholesale markets, production areas, and ports of entry. Using direct contacts with salespeople, suppliers, brokers, and buyers, Market News reporters collect, validate, analyze, and organize unbiased data on price, volume, quality and conditions. This vital information is available within hours of collection.

In the 2008 Farm Bill, there was a Specialty Crops Market News allocation which authorized \$9 million each year for FY 2008 through 2012, to remain available until expended. While this \$9 million was never appropriated, a portion of recent Market News appropriations have been devoted to carrying out specialty crops Market News activities as AMS collects information on the current supply, demand and prices on nearly 400 domestic and 70 international fruits, vegetables, nuts, ornamental and specialty crops.

Title X also directed USDA to collect data on the production, pricing, and marketing of organic agricultural products and provided \$5 million in CCC funds, available until expended. Of the \$5 million provided in FY 2008, \$3.5 million was directed to AMS. In addition, the bill required a report to Congress, within 180 days of enactment, on the progress made implementing these activities and identifying additional production and marketing data needs. The report was delivered to Congress on December 29, 2008. AMS is working to enhance Market News systems to expand the reporting of organic market prices. By the end of 2009, AMS Market News had expanded the daily reporting of organic commodities to include 234 items. AMS Market News also added an additional section on the advertised specials on organic products to the weekly *National Fruit and Vegetable Retail Report*.

Marketing Orders and Agreements

Marketing orders and agreements serve as tools to help fruit and vegetable growers work together to solve marketing problems that they cannot solve individually. These programs are designed to balance the supply of quality product with the need for adequate returns to producers and the demands of consumers. There are currently 32 active specialty crop marketing orders and agreements.

Marketing orders are typically initiated by producers who have an active role in the development of program provisions. Before any program is implemented or amended, approval by a two-thirds or larger majority by number or volume represented in a referendum is required. Local committees of farmers and handlers – appointed by the Secretary of Agriculture – administer the orders.

Marketing orders are binding on all individuals and businesses classified as "handlers" in the geographic area covered by the order. As defined by most agreements and orders, a handler is, "anyone who receives the commodity from producers, grades and packs the commodity, transports, or places the commodity in commercial channels." However, this definition is ultimately defined by an individual program. Marketing orders are distinguished from marketing agreements, in that the agreements are binding only on handlers who are signatories of the agreements. Handlers must comply with the grade, size, quality, volume, and other requirements established under the specific program.

In the 2008 Farm Bill, Congress directed USDA to add clementines to the list of products in Section 8e of the Agricultural Marketing Agreement Act of 1937. Section 8e provides that whenever a specified domestically produced commodity is regulated under a Federal marketing order, imports of the commodity must meet the same or comparable product standards as the

domestic commodity. However, this provision has not been implemented as the industry has not pursued establishing a Federal clementines marketing order.

Also, Title X provided for an expedited marketing order for Hass avocados relating to grades and standards. The order would become effective within 15 months of the date that the Department began the procedures for determining if the order should proceed. To date, AMS has not received an industry proposal.

Research and Promotion

Research and promotion programs, often referred to as “checkoffs,” are designed to strengthen the position of the industry in the marketplace and to maintain and expand domestic and foreign markets. The programs are all fully funded by industry assessments and are authorized by federal legislation. Board or council members are nominated by the industry and officially appointed by the Secretary of Agriculture. In order to ensure compliance with the legislation, AMS oversees the activities of the boards or councils and approves their budgets.

There were two research and promotion provisions in the 2008 Farm Bill. The first made a number of amendments to the Honey Research, Promotion, and Consumer Information Act. It directed AMS to consider a national research and promotion program for honey packers and importers. AMS received a proposal for the packers and importers program, and conducted a referendum on that proposal from April 2 to 16, 2008. In the referendum, 78 percent of those voting, representing 92 percent of the volume of referendum voters, approved the program. The program became effective on May 22, 2008, one day after the final rule was published in the *Federal Register*. The first board meeting took place on September 4, 2008. With the approval of this new program, the collection of assessments under the Honey Research, Promotion and Consumer Information Order – authorized under the Honey Research, Promotion and Consumer Information Act – was suspended. A termination order for that program was published in the *Federal Register* on April 17, 2009.

Furthermore, USDA was directed to consider establishing a research and promotion program for domestic honey producers. On July 14, 2009, AMS published a proposed rule and solicited comments for a domestic honey producer program. The rule and referendum procedures were published on April 12, 2010. The referendum was held May 17-June 4, 2010, and resulted in the producers rejecting the domestic research and promotion program.

Another research and promotion provision in the last Farm Bill allowed for the development of a program for Good Agricultural Practices and Good Handling Practices under the Mushroom Promotion, Research and Consumer Information Order, as well as reapportioned the membership of the Mushroom Council to reflect shifts in domestic mushroom production. AMS published the final rule implementing these provisions in the *Federal Register* on October 2, 2009.

Organics

According to industry statistics, U.S. sales of organic food and beverages have grown from \$1 billion in 1990 to an estimated \$26.7 billion in 2010. The organic industry is viewed as the

fastest growing sector of agriculture, representing approximately 4 percent of overall food sales in 2010. Organic food sales grew 7.7 percent in 2010. As a further indication of the strength of this sector, a recent industry survey revealed that 40 percent of organic operations added jobs in 2010 and that 96 percent of organic operations are expected to maintain or increase employment levels in 2011.

Specialty crops have always been the leading category of organic sales, and currently account for approximately 40 percent of U.S. organic retail. While the organic market overall is around 4 percent of all U.S. retail food sales, organic fruits and vegetables are reported to be 11% of the total U.S. retail produce sales.

The Organic Foods Production Act (OFPA) of 1990 required USDA to develop, implement, and enforce national standards for organically produced agricultural products, and to assure consumers that agricultural products marketed as “organic” meet consistent and uniform standards. The National Organic Program (NOP) is a marketing program administered by AMS.

The 2008 Farm Bill authorized funding for the NOP at \$5 million for FY 2008, \$6.5 million for FY 2009, \$8 million for FY 2010, \$9.5 million for FY 2011, and \$11 million for FY 2012. For FY 2010, Congress appropriated \$6.97 million while the FY 2011 funding for NOP is \$6.92 million.

The National Organic Certification Cost-Share Program makes funds available to States and U.S. territories that are interested in providing cost-share assistance to organic producers and handlers that are certified under the NOP. The 2008 Farm Bill provided \$22 million in CCC funds, to remain available until expended, for organic cost share activities, and increased the cost share reimbursement from \$500 to \$750 annually. Also, USDA was directed to submit an annual report to Congress, by March 1 of each year, that describes requests by, disbursements to, and expenditures for each state during the current and previous fiscal years, including the number of producers and handlers served. The program made approximately \$4.8 million available for FY 2010 and approximately \$5.2 million is available for FY 2011.

Section 32

Section 32 of the Act of August 24, 1935 authorizes the appropriation for each fiscal year of an amount equal to 30 percent of the gross receipts from duties collected under customs laws of the United States during the previous calendar year. These funds are used to encourage domestic consumption of non-price supported perishable commodities and to re-establish farmers' purchasing power through a variety of activities, including: purchases of commodities and removal of surplus commodities from the marketplace for distribution to Federal nutrition assistance programs such as the National School Lunch Program and diversion programs that bring production in line with demand to assist producers. AMS annually purchases approximately \$1 billion in commodities for distribution to various nutrition assistance programs. Section 32 funds are also used for administrative costs associated with the purchase of commodities and the development of specifications used for food procurement throughout the Federal government.

The 2008 Farm Bill directed USDA to make Section 32 specialty crop purchases of (in addition to the \$200 million required in the 2002 Farm Bill): \$190 million for FY 2008, \$193 million for FY 2009, \$199 million for FY 2010, and \$203 million for FY 2011, and \$206 million for FY 2012 and each fiscal year thereafter. AMS purchased \$390.3 million in specialty crops in FY 2008, \$472.8 million in FY 2009, \$511 million in FY 2010, and plans to purchase \$403 million in FY 2011.

The 2008 Farm Bill also required USDA to arrange for an independent study and evaluation of the purchasing processes principally devoted to perishable agricultural commodities provided in Section 32. The report was released on May 13, 2010.

Pest and Disease Management

The mission of protecting American agriculture from foreign pests and disease introduction is among USDA's most critical. To accomplish that mission, APHIS has developed a robust agricultural safeguarding system. While APHIS' efforts benefit all of agriculture, its programs are of particular importance to specialty crops, as foreign pest and disease introductions could potentially devastate them.

The agricultural safeguarding system that APHIS has developed is a set of comprehensive, interlocking programs that work together to protect agriculture. While the border inspection function – which was transferred to the Department of Homeland Security's Customs and Border Protection in 2003 – is a critical component, it is but one part of the layered system in place, which has programs that begin well before products or people reach the border, and continues after their entry.

The system relies on APHIS' strength as a science and risk based regulatory agency, and the many measures the Agency has developed, including:

- Sound regulatory policies based upon strong science and thorough risk assessments;
- Preclearance inspections of commodities in overseas countries before shipment to the United States;
- Extensive pest surveillance activities, both here and abroad;
- Inspection of living plants imported through USDA-operated plant inspection stations
- Supervision of fumigation and other pest mitigation treatments when protocols require; and
- Robust emergency response activities in the event of significant pest or disease introductions.

Together, these multi-faceted activities serve as a safety net that allows all agriculture to succeed.

APHIS has two programs that take these measures further, by targeting specific segments of agriculture and activities that particularly benefit specialty crops. Both programs, which were created in the 2008 Farm Bill, have proven to be highly effective, and widely supported by stakeholders and industry.

The first, section 10201 of the Farm Bill, Plant Pest and Disease Management and Disaster Prevention, is a new program that allows APHIS to partner with numerous States, Tribes, universities, and other community partners to strengthen and expand the scope of APHIS' pest and disease prevention activities.

Under the program, which is funded through the CCC, APHIS allocated \$50 million in FY 2011 to fund 270 projects with over 100 cooperators that prevent the introduction or spread of plant pests and diseases. This follows \$45 million in FY 2010 and \$12 million in FY 2009.

Projects originate from suggestions from hundreds of cooperators throughout the country. These projects aim to improve the six key goals of the program:

1. Enhancing plant pest analysis and survey
2. Targeting domestic inspection activities at vulnerable points
3. Enhancing threat identification tools and technology
4. Developing programs to safeguard nursery production
5. Enhancing outreach and education to increase public awareness and support of plant pest and disease eradication and control programs
6. Enhancing mitigation capabilities

Projects are evaluated based on how well they align with these goals, the expected impact of the project, and their technical approach.

The program provides strong protection to America's agricultural and environmental resources, and helps nursery and specialty crop growers flourish. Over the last two years, Section 10201 projects have played a significant role in many USDA successes, such as the eradication of plum pox in Pennsylvania, minimizing the effect of a Mediterranean fruit fly outbreak in Florida, survey work for European grapevine moth in California, national surveys for honeybee pests, and methods development work to combat citrus pests.

The net effect of these efforts and the many partnerships is a demonstrated improvement in USDA's ability to detect and respond to a plant pest or disease. Detecting and responding to a plant pest or disease in the early stages of an introduction is a significant cost savings for taxpayers, and can help minimize the potentially devastating impact on agriculture.

The second Farm Bill program that helps address plant pests and disease is Section 10202, the National Clean Plant Network (NCPN). The NCPN is a partnership of three USDA Agencies: APHIS, the Agricultural Research Service and the National Institute of Food and Agriculture. It aims to develop and produce clean propagative plant material. Should a plant pest or disease strike, the network could then provide clean plant material to States for certified clean plant programs and to private nurseries and producers. Essentially, it is an insurance policy that guarantees that there will be fresh stock of disease-free plants.

NCPN is comprised of commodity-based networks. Commodities that have developed a clean plant network under the auspices of the program are fruit trees, grapes, citrus, berries and hops. These five networks include 18 supported clean plant centers and associated programs located in 14 states. There has been broad support within the specialty crop industry, and other

commodities have expressed interest in the program as well. The NCPN national stakeholder database has about 500 people enrolled who expressed specific interest in the program, which includes nursery and grower industries, scientists, state regulatory officials, and educators. The program has been funded with \$5 million in CCC funding each fiscal year from 2009 to 2012, to remain available until expended.

Miscellaneous

The 2008 Farm Bill provided country of origin labeling requirements for honey that bears any official certificate of quality, grade mark or statement, continuous inspection mark or statement, sampling mark or statement or any combination of the certificates, marks, or statements of USDA. An interim rule, which became effective October 6, 2009, established a new regulation addressing country of origin labeling for packed honey bearing any official USDA mark or statement and added a new cause for debarment from inspection and certification service for honey. The final rule was published on January 4, 2011, with an effective date of February 3, 2011.

It should be noted that USDA did not implement the 2008 Farm Bill's Food Safety Education Initiatives provision or the Grant Program to Improve Movement of Specialty Crops as no funding was provided by Congress.

Conclusion

AMS and APHIS undertake numerous activities to facilitate the competitive and efficient marketing of U.S. agricultural products, as well as to protect and promote U.S. agricultural viability. These efforts support the overall mission of USDA, which is to protect and promote food, agriculture, natural resources and related issues. I hope that this testimony and the subsequent questions and answers will prove useful to the Subcommittee as you undertake your work on the next farm bill.

QUESTIONS AND ANSWERS

JULY 28, 2011

Senate Committee on Agriculture, Nutrition & Forestry
The State of Livestock in America
July 28, 2011
Questions for the Record
Mr. Glenn Abbett

Senator Debbie Stabenow

- 1) As many of you noted in your testimony, specialty crops are particularly susceptible to losses due to issues ranging from weather to pests and diseases. How effective are our current safety net programs in helping you to manage risk in your operation? What improvements should be made to our risk management programs to better protect our farmers from devastating losses?
 - a. Unfortunately, there are no effective safety nets for processed fruit and vegetable production. Actually there is one huge obstacle, namely the prohibition of planting fruits and vegetables on program acres. That is why it is important to enact the Farm Flex Act introduced by Senator Lugar. It would be very helpful to utilize crop insurance subsidies to provide help where and when it is truly needed. Tomato production insurance is too expensive and there must be a complete disaster to collect. The insurance needs to be revenue based so that if a disaster occurs, our costs can be covered.

- 2) We have heard a great deal from growers about the need for research ranging from data to support nutritional claims to new ways to prevent and defend against invasive pests that destroy a farmer's crop. The Specialty Crop Research Initiative was designed to create a dedicated funding stream from research for specialty crops. How effective do you believe this program has been in addressing the research needs of the specialty crop growers?
 - a. I checked with my Processor and they have indicated to me that the Specialty Crop Research Initiative has been beneficial in the research and development of the processed tomato industry.

Senator Pat Roberts

- 1) Nearly every one of you mentioned several Farm Bill programs of value to you. In light of our budgetary constraints and declining resources, would you list the top one or two programs authorized through the 2008 Farm Bill that are most valuable to you and your specialty crop or organic operation?
 - a. The planting flexibility pilot program. Without it, my specialty crop production would be a fraction of what it is today.

Senator John Thune

- 1) You spoke of the Planting Transferability Pilot Program in your testimony. With only 155 farms participating and the allowed acreage greatly under used, should this program be continued in the next Farm Bill?
 - a. Absolutely, but it should be made simpler.

The pilot program is a test in granting an exception to the fruit and vegetable planting restriction so that Midwest processing vegetable production may continue. The only reason for the restriction on vegetable production was protection of the fresh produce industry. The pilot project demonstrated that there was no harm to the fresh produce industry, as you would expect since the planting flexibility production is all under contract for processing.

The pilot program has been a great success. It has provided critically important relief for vegetable farmers and our processor market. The processor I grow for, Red Gold, Inc. now receives approximately 29% of its production from pilot program production. Red Gold's current operations, which compete vigorously with processed tomato imports from southern Europe, simply could not exist today without the pilot project planting flexibility. The same is true at the farm level. Without the pilot program, my tomato production would be dramatically lower than it is today.

The acreage authorized for the pilot program was simply a legislative guess at the maximum amount of acreage that might be used. It was the result of a legislative compromise. We sought unlimited acreage for vegetable production for processing, while those claiming to want protection for the fresh industry opposed any planting flexibility. The compromise was to allow a very large number of acres in the pilot project, but to restrict the flexibility to specific crops, specifically for processing and with a limited number of acres per pilot project state. The acreage limitations forced USDA to establish a cumbersome procedure with early sign up dates and, potentially, a lottery for planting flexibility acreage. That procedure made the pilot project difficult to use. It was almost impossible to rent farm land for vegetable production under those limitations. However, where those difficulties have been overcome, the pilot program has provided essential relief for the Midwest vegetable processing industry.

Before the pilot project, Midwest vegetable processors were unable to contract for the production that was needed for the processing facilities to operate at levels required for peak efficiency. That made them less competitive in the

global marketplace and posed a threat to their continued operation. Today, thanks to the pilot project, the only Midwest processors experiencing those problems are the dry bean processors. Of course, dry beans were not included in the pilot program.

To criticize the pilot program's effectiveness because far less than the maximum acreage was utilized is to measure it against an arbitrary and irrelevant standard. The criteria that matter are:

Was the fresh produce industry harmed by planting flexibility? No.
Did the increased flexibility allow Midwest farmers the ability to diversify their operations and farm income potential through increased vegetable production? Yes.

Did the increased flexibility allow Midwest vegetable processors to compete more freely in a very competitive marketplace, thereby helping with jobs in the Midwest? Yes.

So, the pilot program was a success. Fruit and vegetable planting flexibility for processing should be freely allowed. The lesson learned from the limited use of the pilot program is that the acreage limitations should be eliminated.

- 2) What would you think of removing fruit and vegetable or FAV restrictions completely when planted on base acres, and allow them to be planted on base acres without any penalty or reduction of payments related to base acres?
 - a. The less government restrictions, the more competitive we will be. Freely allowing FAV production on base acres would certainly help the U.S. growers and processors. The truth is allowing FAV production without restrictions would pose no threat to the fresh produce industry. That was effectively the situation we had before the 1996 Farm Bill imposed the FAV planting restriction because there was a great deal of Midwest farm land available for FAV production. The reason that the fresh industry was not hurt then and would not be hurt if we completely removed the planting restrictions in the future is Midwest FAV production is later than production in the traditional produce growing areas. The best income on any fresh produce crop is at the beginning of the season. By climate, the Midwest production would be limited to the end of the season.

What is critically important is the flexibility to grow FAV *for processing*. By definition, that poses no threat to the fresh industry. As a practical matter, processing is all we have a market for anyway. FAV flexibility for processing would allow Midwest growers and processors of FAV to better compete against processed FAV from overseas.

- 3) Would it be safe to say that you are a strong supporter of direct payments and that they should be included in their current form in the Commodity Title of the next Farm Bill?
- a. Yes, I think it would be safe to say that I am a strong supporter of real safety nets for all American Farms. Although we are fruit and vegetable growers, we are also commodity farmers and the direct payment is necessary as a safety net to protect the small family farm against the volatility of the commodity markets and the uncertainty of the weather.

Senate Committee on Agriculture, Nutrition & Forestry
The State of Livestock in America
July 28, 2011
Questions for the Record
Mr. Paul Bencal

Senator Debbie Stabenow

- 1) As many of you noted in your testimony, specialty crops are particularly susceptible to losses due to issues ranging from weather to pests and diseases. How effective are our current safety net programs in helping you to manage risk in your operation? What improvements should be made to our risk management programs to better protect our farmers from devastating losses?

First, let me respond to the effect of diseases and pests. We currently have a handle on protecting ourselves from diseases. This is the result of a tremendous amount of training by extension field teams and industry staff in the field who teach farmers up-to-date methods of scouting, identification and treatment of affected crop areas. Through crop specific programs like Integrated Pest Management (IPM) and sustainable agriculture, farmers have learned to be more effective in treating diseases and more efficient in managing risks. Regarding pest control, the biggest threat we have today is invasive species.

In terms of weather-related losses, I think the biggest hurdle yet to overcome is for the Risk Management Agency (RMA) to understand that weather disasters do not necessarily encompass an entire county, town or farm. They can be site specific. A hail storm, for example, can hit one part of a farm and not another. Also, a weather pattern can be isolated over one area for weeks and not impact a town right next to it. Currently, to qualify for disaster relief without a county declaration, a grower must experience a loss in excess of 50%.

Risk Management programs should be developed by a staff of people who are farm oriented and possess first-hand knowledge of farming operations and the devastation that occurs on farms.

Oversight is extremely important for the success of a program. Beyond the original implementation, a program's continued success and utilization relies on the ability to amend it in a timely fashion. Right now, decisions are made by people without regard to impacts at the farm level. The lack of flexibility, as to say we know better, or "we don't want the program to be abused" is problematic.

- 2) We have heard a great deal from growers about the need for research ranging from data to support nutritional claims to new ways to prevent and defend against invasive pests that destroy a farmer's crop. The Specialty Crop Research Initiative was designed to

create a dedicated funding stream from research for specialty crops. How effective do you believe this program has been in addressing the research needs of the specialty crop growers?

I'm not an expert on The Specialty Crop Research Initiative, but I will say that each year I've invested considerable time trying to keep funding for research intact at the local level. Colleges and universities start a significant number of research programs here. However, the federal government has done little monitoring of our land grant colleges through the Smith Lever Act to ensure that they are sound and can support our current and future researchers both in the field and in the labs where they monitor, identify and try to develop solutions to these threats. Even so, not enough is done to develop solutions to invasive species, in my opinion.

Senator Pat Roberts

- 1) Nearly every one of you mentioned several Farm Bill programs of value to you. In light of our budgetary constraints and declining resources, would you list the top one or two programs authorized through the 2008 Farm Bill that are most valuable to you and your specialty crop or organic operation?

The most important component of the next Farm Bill is a strong crop insurance program. Growers need the security created by a robust crop insurance program. Our most important request of the Senate Agriculture Committee is that you work with us and other specialty crop producers to reform crop insurance programs so that they are as effective and efficient as possible.

I truly believe that if we develop a solid crop insurance program that has the farmer's interest in mind and will provide them with "real dollar" compensation for their loss they would include crop insurance in their Risk Management strategy. Even though crop insurance is subsidized, the amount I pay for 75% coverage (dollar-for-dollar) is disproportionate to the indemnity payment I might receive as compared to other insurance policies I carry on my farm.

For example, on my 50-acre farm in Western New York, I pay \$2,000 for on a policy to insure my farm. This provides millions of dollars in combined loss coverage for property, machinery and liability. On the other hand, that same amount, \$2000, that I would pay for a crop insurance policy to cover only cover 75% of a \$30,000 crop, which then has a government subsidy of around \$3,400 seems very expensive and inefficient. If I were to grow several other crops, like many vegetable growers do, I would not qualify for crop insurance payments because one crop would compensate for another's loss. However, the income loss is still there. Some aspects of crop insurance work, but others do not. I would just like people to listen to what farmers are saying and make changes that help the farmers

Senator John Thune

- 1) What changes would you like to see made to the SURE crop disaster program authorized in the 2008 Farm Bill?
- 2) Did SURE for your farming operation, eliminate the need for an ad hoc disaster program
- 3) Is crop insurance in its current form adequate as a safety net for your operation?

I'll answer all three questions together because they are closely related.

Ideally, the safety net for specialty crop producers should consist of:

- FSA emergency loan program
- Crop Insurance
- Non-insured crop disaster assistance program
- Permanent disaster program, such as SURE
- Special Ad hoc programs

All these programs have pros and cons, below are specifics:

The FSA Loan Program is made available quickly for weather disasters, but helps only a limited number of growers. FSA Emergency Loans may help farmers living in a designated disaster area who have suffered property and/or crop losses not covered by insurance and who are not able to obtain commercial credit from other sources, but are able to generate profits and have a feasible business plan to recover from a loss.

Crop insurance can provide an effective safety net for growers of insurable crops. Growers can choose different coverage levels and the program can be timely if personnel are properly trained. Crop insurance is an expensive program and may not be the most efficient way to provide crop-loss protection to our nation's farms. As I stated in my previous answers, there are many areas that could be improved.

The non-insured crop disaster program (NAP) only provides very low catastrophic coverage. The program is inexpensive and can work in a timely manner. Consider upgrading the NAP program to higher coverage levels for specialty crop growers. This would improve crop loss protection for specialty crops producers.

SURE – This program is slow and difficult to use. It does not perform well for diversified specialty crop producers. Claims were recently being processed for 2008 losses. While we need a permanent disaster program, at this rate, farms would go under before receiving assistance.

Ad Hoc disaster programs – In my opinion, these provide the most direct and cost-efficient way of providing disaster assistance to growers affected by a major event. They are popular with growers and do not discriminate. Growers do not need a prior contract

and history to participate. However, appropriate funding levels have always been the problem.

As far as managing risk on my farm, even with combined payments from both crop insurance and SURE, I struggled to pay the prior year's operating expenses. Over the past several years, I have submitted several claims for crop losses. These claims were not only on my multiple peril policy but also for my AGR-Lite policy for lost revenue. As a result of those weather-related losses, my average production history (APH) dropped significantly, from 9 tons of grapes per acre to 4.6 tons per acre.

We would like to make the following recommendation:

- In years when there is a county disaster declaration, do not include that year's yield when computing a grower's average production history for crop insurance purposes. Instead, substitute the state's long-term average yield per acre. During a period when we're experiencing extreme weather patterns across the U.S., this would help farmers stay in business and insure the continuation of a U.S. grown food supply. Reliance on a foreign food supply could pose a national security issue. An educated crop insurance adjuster can determine if a grower's losses are the result of something other than weather.

Currently, RMA uses a 10-year average when establishing the price for grapes. While it may appear to help spread the impact of low grape prices in 2003, 2004 and 2005, it also prolongs the recovery process to more accurately reflect the price in today's market.

- As an example, Welch's told Steve Ropel of National Agricultural Statistics Service (NASS) that it expects to pay \$285.00 per ton to growers on their 2010 crop. By using a 10-year average, RMA used \$240.00 per ton when establishing the price election for crop insurance on Concord grapes for the 2011 crop year. In addition, RMA deducted an arbitrary \$50.00 per ton that they believed would be saved by the grower for each ton that the grower did not harvest. As stated in my original testimony, this is not a fair deduction because the grower still has to cover the same acre with harvesting equipment and crew whether harvesting two or eight tons per acre.

The result was that for the 2011 crop year, the posted price for crop insurance on Concord grapes was \$190.00 per ton, considerably less than either the 2011 cash market price or what Welch's will pay per ton on for 2011 Concords.

In conclusion, even at the 75% rate, the combination of low established prices not being able to claim losses from individual blocks and the lower APH makes it difficult to cover expenses due to lost revenue.

Senate Committee on Agriculture, Nutrition & Forestry
The State of Livestock in America
July 28, 2011
Questions for the Record
Mr. Dennis Engelhard

Senator Debbie Stabenow

- 1) As many of you noted in your testimony, specialty crops are particularly susceptible to losses due to issues ranging from weather to pests and diseases. How effective are our current safety net programs in helping you to manage risk in your operation? What improvements should be made to our risk management programs to better protect our farmers from devastating losses?

Crop insurance and its refinement. There needs to be a good way for a producer to insure a specialty crop in the first year he grows it. Also it is important that insurance indemnity pricing accurately reflects the value of the crop. This is especially important in organic production.

- 2) We have heard a great deal from growers about the need for research ranging from data to support nutritional claims to new ways to prevent and defend against invasive pests that destroy a farmer's crop. The Specialty Crop Research Initiative was designed to create a dedicated funding stream from research for specialty crops. How effective do you believe this program has been in addressing the research needs of the specialty crop growers?

Very effective in Michigan the bean industry has used the program very efficiently with industry partners to study narrow row research. We know many other specialty crops in Michigan are using the grants effectively also

Senator Pat Roberts

- 1) Nearly every one of you mentioned several Farm Bill programs of value to you. In light of our budgetary constraints and declining resources, would you list the top one or two programs authorized through the 2008 Farm Bill that are most valuable to you and your specialty crop or organic operation?

Specialty Crop block grants, funding of ARS stations for specialty crops, NASS

Senator John Thune

- 1) Mr. Engelhard, most often the link between Congress and farmers such as you is USDA because it administers the programs authorized by this Committee. What mission areas

of USDA do you work with as a specialty crop producer, can you tell us – was USDA able to adequately administer the programs you utilized from the 2008 Farm Bill?

A trip to the FSA office today is usually very productive and efficient. I think the 2008 Farm Bill was administered very smoothly. NASS and ARS are very important in what we do.

- 2) Mr. Engelhard, in your testimony you show very strong support, as a grower of dry beans, for their health benefits to consumers, and you mention that expansion of pulse crops in Americans' diets could help solve our nation's obesity problem. What, in your opinion, should the next Farm Bill include that would encourage production and enhance marketing and use of pulse crops in the United States?

The road map laid out by the Pulse Health Initiative is a very cost effective way of making America healthier and more environmentally friendly. It will also benefit all of Agriculture by keeping America's farmland healthy and productive.

Senate Committee on Agriculture, Nutrition & Forestry
The State of Livestock in America
July 28, 2011
Questions for the Record
Ms. Kim Tait

Senator Debbie Stabenow

- 1) As many of you noted in your testimony, specialty crops are particularly susceptible to losses due to issues ranging from weather to pests and diseases. How effective are our current safety net programs in helping you to manage risk in your operation? What improvements should be made to our risk management programs to better protect our farmers from devastating losses?

We are very small and have not participated in these programs to date. I do know organic growers who have suffered devastating losses and were able to participate in the current risk management programs. These are exactly the kinds of programs we need to be supporting for farmers who are at the mercy of Mother Nature, as contrasted with subsidizing for non-production.

- 2) We have heard a great deal from growers about the need for research ranging from data to support nutritional claims to new ways to prevent and defend against invasive pests that destroy a farmer's crop. The Specialty Crop Research Initiative was designed to create a dedicated funding stream from research for specialty crops. How effective do you believe this program has been in addressing the research needs of the specialty crop growers?

I need to say that that I am not very informed or aware of the success of this initiative. Maybe it is more a matter of information dissemination to growers and there may be an opportunity to improve on this. And, it may be we are too busy farming to stay in touch with such initiatives and if something doesn't impact us directly, we probably won't hear about it. I would like to ask how this stream of research information is being disseminated for growers to use?

- 3) Coming from a state like Michigan, I have always thought of the Farm Bill as a jobs program and have worked to find ways to encourage new farmers to begin farming. Many of these new potential farmers are interested in diversified, value-added and innovative farming opportunities. What have you found to be most beneficial in helping you to grow and diversify your business and what would you say would be important steps this committee might take to better help new farmers capitalize on some of the growing market opportunities like Community Supported Agriculture (CSA)?

The programs and projects that have been the most helpful to us have come from our local/regional farming organizations that make it their job to connect farmers and consumers to local/regional markets. Specific programs include Buy Fresh - Buy Local, Know Your Farmer - Know Your Food, Farmers Market Support, regional CSA Promotion, Educational Workshops -

including on-farm Field Days and The Pennsylvania Association for Sustainable Agriculture (PASA) Farming for The Future Conference held annually. It is our belief that for new and beginning growers to enter agriculture, it will be on a relatively small scale and the markets they will serve will be on the local/regional level. These are the programs that we must support. Acquiring land and equipment is a whole other conversation.

Senator Pat Roberts

- 1) Nearly every one of you mentioned several Farm Bill programs of value to you. In light of our budgetary constraints and declining resources, would you list the top one or two programs authorized through the 2008 Farm Bill that are most valuable to you and your specialty crop or organic operation?

Support of the National Organic Program and the Organic Certification Cost Share

- 2) You mentioned a couple of programs in your testimony that are important to you. One of these is the Organic Certification Cost Share. This is a program that received mandatory funding in the 2008 Farm Bill but has no baseline beyond 2012. Are there other programs that can provide the necessary research for your industry?

Research isn't our specialty, however we are just getting folks into Extension (and other places) that understand the needs of organic growers. We will continue to rely on informed researchers from the land grants and local universities for information. But unfortunately, these folks are often junior faculty and the first to get cut in these challenging economic times. We need to find some way to keep a portion of the funds and faculty going towards practical solutions for organic growers.

- 3) You have participated in several of the USDA programs designed to help organic growers, including programs such as the Organic Certification Cost Share Program and the EQIP program. Can you provide more information and detail as to how you have utilized these programs? Did you use the funding to accomplish the same or similar goals? Were the funds you received from the EQIP High Tunnel Grant program used to supplement the assistance you received from the Organic Certification Cost Share Program?

We have used the Organic Certification Cost Share Program to defray the additional cost of organic certification. It is a tremendous help to new and small growers.

The EQIP funding we received was not used to supplement Organic Certification Cost Share Program. They are completely separate. We used the High Tunnel Grant to put up a new growing structure that will allow us to double our winter and early spring greens production. This was also a cost share and we paid 1/3 of the total cost of the structure and supplied the labor ourselves.

Senator John Thune

- 1) You list several USDA programs in your testimony in which you have participated. Are the current programs adequate for sustainable growth of organic farming?

I believe the current programs are important to our industry, but we still receive a very small percentage of targeted federal assistance relative to our \$29 billion contribution.

- 2) Should new programs be added in the next Farm Bill? If so, what types of programs would like to see added?

We would like to see programs that are similar to the Value Added Producer Grants that would allow for the cost share purchases of assets including processing equipment, facilities and technologies. We believe it is important to develop and support programs that encourage local and regional food system infrastructure development, including post harvest handling and processing facilities, refrigeration and freezing facilities, and cooperative transportation systems.

- 3) You ask in your testimony to not be over regulated? Tell us how organic farming is currently over regulated?

My comment had to do with the New Food Safety Modernization Act and other regulatory programs which often duplicate things we are already being regulated for under the organic program. Our concern is that we will be burdened with additional regulations and we are already the most regulated sector of agriculture.

Senate Committee on Agriculture, Nutrition & Forestry
The State of Livestock in America
July 28, 2011
Questions for the Record
Mr. Charles Wingard

Senator Debbie Stabenow

- 1) As many of you noted in your testimony, specialty crops are particularly susceptible to losses due to issues ranging from weather to pests and diseases. How effective are our current safety net programs in helping you to manage risk in your operation? What improvements should be made to our risk management programs to better protect our farmers from devastating losses?

Our operation does not participate in any farm programs nor do we insure any of our crops. Our insurance is essentially the next crop in the ground. We have suffered from some of the same calamities as others such as freezes, drought, hail, etc. We just make it up on subsequent plantings.

- 2) We have heard a great deal from growers about the need for research ranging from data to support nutritional claims to new ways to prevent and defend against invasive pests that destroy a farmer's crop. The Specialty Crop Research Initiative was designed to create a dedicated funding stream from research for specialty crops. How effective do you believe this program has been in addressing the research needs of the specialty crop growers?

I believe that the Specialty Crops Research Initiative has been very successful in getting funds for research into our industry. There are several examples of researchers from different regions and land-grant universities collaborating on research projects that should offer benefits to producers, consumers, and the environment as well. My company has participated in the "East Coast Broccoli Initiative" which is led by Cornell University with help from several other extension service agents along the east coast. Their goal is to develop varieties and production techniques that will allow broccoli production in the eastern US to be feasible.

- 3) Thank you for sharing your experiences with the Fresh Fruit and Vegetable Program. I think we all can agree that helping to provide healthy fruits, vegetables and specialty crops to our children is an important goal. Do you also sell your products to schools for their breakfast and lunch programs? What key factors made the Fresh Fruit and Vegetable Program an appealing market opportunity for your business? What are the biggest challenges for producers looking to sell to schools and other facilities in their areas?

Our company sells fresh produce to schools for their lunch program in addition to the snack program.

This program appeals to W P Rawl & Sons because it helps increase the consumption of fresh fruits & vegetables especially in younger children. This change in lifestyle will help curb some of our country's health problems. Another appealing factor was the opportunity to diversify a little and develop a relationship with the consumer to build our brand equity.

The biggest challenge for producers would be logistics. How do you deliver to so many schools in a short time frame? Most schools want delivery prior to 10 am and early in the week. Generally, schools do not want delivery between 10 am and 1 pm. Another obstacle is the diversity of products that the schools want such as star fruit instead of oranges, black cherries instead of red cherries, small watermelons instead of large watermelons. While we agree it is good that students explore all fruits and vegetables, this exploration creates a challenge for us to find these products in small quantities. The sourcing of these diverse products adds expense to the product that some schools have failed to recognize. Another challenge would also be food safety regulations. However, Specialty Crop Block Grants are helping to educate smaller growers in this area and has been quite effective at helping overcome this challenge.

Senator Pat Roberts

- 1) Nearly every one of you mentioned several Farm Bill programs of value to you. In light of our budgetary constraints and declining resources, would you list the top one or two programs authorized through the 2008 Farm Bill that are most valuable to you and your specialty crop or organic operation?

I think the most important programs under the 2008 farm bill would be the specialty crop block grant program and the specialty crop research initiative.

- 2) You mentioned a couple of programs in your testimony that are important to you. One of these is the Specialty Crop Research Initiative Program. This is a program that received mandatory funding in the 2008 Farm Bill but has no baseline beyond 2012. Are there other programs that you can turn to for funding this research?

Not that I am aware of. This program has filled in many gaps left open due to budget deficits at many land grant universities and the extension services of those institutions.

- 3) During the last Farm Bill debate, the specialty crop industry advocated for "tools necessary for domestic producers to remain viable in a global marketplace." Thus programs such as the Specialty Crop Block Grants, Clean Plant Network, Specialty Crop Research Initiative, and Fresh Fruit & Vegetable Program were authorized and received significant levels of mandatory funding. Five years later, how have you been impacted by these programs, and do you believe the 2008 Farm Bill provided you with "tools"

necessary for you to remain viable? If not, what “tools” or programs are not working and need to be tweaked?

I think these “tools” have been effective in many parts of the specialty crop industry. I have firsthand experience with the fresh fruit & vegetable snack program which has helped my company to diversify and promote the consumption of fresh fruits and vegetables among our younger Americans. Also, I have seen firsthand how the block grant program can help educate smaller farmers about issues such as food safety, while also being an effective funding mechanism to research pest and production problems in our industry. Lastly, I have participated in research that is funded through the research initiative that will hopefully bring broccoli production to the eastern US.

- 4) Can you explain how the Specialty Crop Block Grant program has benefited you as a specialty crop producer?

The SCBG program has helped our industry and me by researching many of the problems that we face. These problems include food safety issues, pest and disease problems that does not attract the attention of large chemical companies, educational seminars on production techniques, etc.

Senator John Thune

- 1) What is the greatest challenge faced by fruit and vegetable growers in today’s agricultural climate?

Labor/Immigration. Access to a legal, stable, able workforce.

- 2) What do you like best about the 2008 Farm Bill?

Specialty Crop Block Grants, Specialty Crop Research Initiatives, & The Fresh Fruit & Vegetable Snack Program

- 3) Is there duplication of programs you are familiar with that were authorized in the 2008 Farm Bill?

No. In my research for your hearing, I looked at South Carolina’s and Georgia’s research projects and found no duplication in the projects. I am not aware of any duplication or abuses of the Block Grant or Research Initiatives.

- 4) What should be this Committee’s highest priority for fruit and vegetable growers as we write the next farm bill?

I think this committee should work hard to protect the funding for all of the Farm Bill. However, I realize the “Budget Atmosphere” that exists in Washington today, and

therefore my suggestion would be to simply extend the current Farm Bill for five years and include a certain percentage cut across the board to all titles and programs of the Farm Bill. I think that if you should impose a mandatory cut across the board, it would be perceived as a responsible action that would preempt disputes within the agricultural community and allow members of your committee to move on to other issues.

Senate Committee on Agriculture, Nutrition & Forestry
The State of Livestock in America
July 28, 2011
Questions for the Record
Mr. Robert Woolley

Senator Debbie Stabenow

- 1) As many of you noted in your testimony, specialty crops are particularly susceptible to losses due to issues ranging from weather to pests and diseases. How effective are our current safety net programs in helping you to manage risk in your operation? What improvements should be made to our risk management programs to better protect our farmers from devastating losses?

A: In the nursery and greenhouse industry, the mere discovery of an exotic, quarantine-significant plant pest or pathogen can instantly wipe out market access for producers, and by extension, erase the value of a crop that has been nurtured for potentially several growing seasons. As was the case with both emerald ash borer and Asian longhorned beetle, nursery growers may have had no role in introduction of the pest, yet the value of their crop is virtually wiped out. To my knowledge, the existing crop insurance and disaster assistance programs do not address such risks. Though early detection is a key determinant in the potential success of pest containment or eradication efforts, the lack of a catastrophic safety net for such situations may present a disincentive for growers to engage in prompt pest reporting. The industry recently commissioned a discussion/options paper exploring this issue; we would be happy to meet with you and your staff to further explore what might be achieved in the context of the Farm Bill.

- 2) We have heard a great deal from growers about the need for research ranging from data to support nutritional claims to new ways to prevent and defend against invasive pests that destroy a farmer's crop. The Specialty Crop Research Initiative was designed to create a dedicated funding stream from research for specialty crops. How effective do you believe this program has been in addressing the research needs of the specialty crop growers?

A: Overall the competitive Specialty Crop Research Initiative has achieved the goal of providing research funding support to address the needs of the wide variety of specialty crops in the United States. However, two major issues have been identified by certain specialty crop producer groups which have had a detrimental impact on the effectiveness of the program.

First, the requirement for a 100% non federal dollar match has created a non-competitive and discriminatory environment for Federal agencies such as the USDA Agricultural Research Service, the smaller 1862 land grant universities, 1890 and 1894 institutions. These organizations have limited access to non-federal funding to support their grant applications. In addition, the 100% match requirement has resulted in an unlevel playing field within the

specialty crops community. Specialty crop producer groups who have access to check off funding for research are able to bring more matching support to the SCRI grant applications than those specialty group groups who do not. A modification or change in the matching fund requirement for SCRI funding should be considered in the crafting of the 2012 Farm Bill.

Second, the current SCRI grant review and selection process used by the National Institute for Food and Agriculture (NIFA) does not take into account and incorporate true specialty crop producer input into the review. Industry involvement is reflected in the SCRI grant application and industry representatives do participate in the NIFA review process. However, the standard NIFA review process biases the results in favor of the academic community. There are instances in the SCRI decision making process where research proposals from academic institutions were selected for funding which did not address a major issue, priority or have the support of the specialty crop producer groups, and, in fact, proposals which represented the top research priority of a specific specialty crop group were consistently rejected. A grant review and selection process should be developed for future SCRI funding which more truly provides for more direct grower group input into the decision making process to assure that research proposals funded under SCRI reflect and address priority research needs and issues of the specialty crop producers.

- 3) I agree with your statement that an ounce of prevention is worth a pound of cure. Dr. Anne Nielsen, a research associate in organic pest management at Michigan State University, has estimated that the stink bug alone could cause up to \$37 million in damages in the Mid-Atlantic states with the impact being even greater in Michigan due to the diversity of crops. How can we build upon the infrastructure currently in place to continue to prevent invasive pests from reaching a point that they can cause this level of devastation? Do you believe our current system is doing enough to prevent imports from countries with these types of pests and to intervene at the border?

A: Specialty crop imports are steadily gaining market share of U.S. consumption, and there is growing pressure to trade with third-world and developing nations where knowledge of pest threats may be underdeveloped. (As an aside, labor experts see farm labor instability and Congress' failure to achieve immigration reform addressing the agricultural sector as a driver of off-shoring, which by extension increases exposure to new pest introductions).

I strongly believe that the funding provided through Sec. 10201 of the Farm Bill specialty crop title has provided urgently needed new tools for early pest detection and rapid mitigation. One very important goal behind this section is to provide the ability to anticipate threats before introductions happen. I cannot speak to how well that goal is being addressed, though in concept it should present the most effective and cost-effective approach. The Committee may wish to engage the Department to gain a better sense of projects funded and progress made toward better prediction and prevention.

Senator Pat Roberts

- 1) Nearly every one of you mentioned several Farm Bill programs of value to you. In light of our budgetary constraints and declining resources, would you list the top one or two programs authorized through the 2008 Farm Bill that are most valuable to you and your specialty crop or organic operation?

A: As explained in much greater detail in my written testimony, I (and the industry organizations I represented) believe that the plant pest/disease and National Clean Plant Network provisions found in Secs. 10201 and 10202 are the single most valuable components of the Specialty Crop title.

Senator John Thune

- 1) Mr. Woolley, as a nursery grower of 5 million trees annually, your testimony focused largely on plant and pest diseases. We know that when outbreaks occur orchard tree losses can be significant. These losses result in large amounts of woody biomass. How is this woody biomass consisting of dead and diseased trees currently disposed of?

A: Historically, most of this debris has been burned. At present, knowledgeable industry sources indicate that as much as 60% of this material is now being directed to cogeneration plants. However, these sources indicate that one of the drivers for this shift is the fact that the moribund construction economy means that the wood waste stream from that source has nearly dried up. Construction wood waste is much more attractive to biomass facilities; therefore, if the construction economy improves, we could again see that wood waste stream displacing agricultural wood waste.

- 2) Are you familiar with the Biomass Crop Assistance Program, known as BCAP which provides matching payments, up to \$45 per ton for the collection, harvest, transportation and storage of eligible material to conversion facilities where it can be used for production of alternative energy?

A: I am familiar with the program; in concept, at least, the current economics of using such material as alternative energy sources may depend significantly on subsidies, as the energy generated may be significantly more expensive per kilowatt than that from more traditional sources.

One caution I would like to raise is that such subsidies may be appropriate from a policy standpoint for encouraging productive use of materials that may otherwise go to waste; however, we are deeply concerned about subsidies causing the redirection of certain woody biomass from established high-value markets. For instance, most nursery stock grown in containers is grown in media or substrate comprised mainly of conifer bark. Redirection of such material to energy generation would have extraordinary negative implications for the nursery

and floriculture industry, which represents roughly a third of the farmgate value of specialty crops.

3) Do you know of any nurseries or orchardists who have utilized BCAP?

A: I have not heard of nurseries or orchards utilization of BCAP, perhaps because dead trees and debris from orchard removals or nursery stock surplus are typically processed by third-party contractors in situ, who also remove the shredded trees & prunings from orchard and nursery sites. I believe most, if not all, of the shredded material eventually goes to co-generation plants. Lionudakis appears to be a leading contractor for orchard removal in CA—their contact information is provided on their website: <http://www.lionudakis.com/>.

4) Do think this program could offer a viable alternative to non energy creating disposal of dead trees removed from nurseries and orchards?

A: In theory at least, yes. Extremely restrictive air quality laws are also a deterrent to traditional disposal practices. I am not qualified to speak to the economics of the harvesting, transportation, and use of such materials for alternative energy. I would only caution that subsidies or other incentives should not disrupt established markets and uses for woody biomass in the horticultural, composite panel, and other industries. Rather, they should be directed toward development of new sources.

Senate Committee on Agriculture, Nutrition & Forestry
The State of Livestock in America
July 28, 2011

Questions for the Record
Dr. Catherine Woteki, Under Secretary for Research, Education, and Economics,
U.S. Department of Agriculture

Senator Debbie Stabenow

- 1) The Specialty Crop Research Initiative created an important funding source for research solely dedicated to addressing the research needs of specialty crop producers. Unfortunately, this program has no baseline beyond 2012. How does the Department intend to ensure critical research that benefits specialty crop growers continues to be conducted through four agencies within the Research, Education, and Economics mission area?

Response: The 2008 farm bill authorized \$50 million in mandatory funding and \$100 million in appropriated funding for the National Institute of Food and Agriculture's (NIFA) Specialty Crop Research Initiative (SCRI). This funding has been crucial to USDA's ability to respond to challenges identified by specialty crop producers, processors and consumers. In the four years that the program has been in existence, NIFA has been able to document significant positive impacts from the federal investment.

Additionally, USDA invests in specialty crop research through many other programs made available by Congress. Hatch funding and AFRI funding are used every year to meet various research needs. The Organic Research and Extension Initiative (OREI), another farm bill program, funds a significant amount of research in specialty crops, as well as agronomic crops and animal agriculture. However, USDA believes that SCRI is a program that continues to meet congressional intent and stakeholder and consumer needs. Without this funding, other programs would not have the resources to continue addressing specialty crop research needs at the current level.

With respect to the Agricultural Research Service (ARS), its funding devoted to Specialty Crops research was identified as \$230.5 million in FY 2011. Funding includes ARS research that is directly related to specific Specialty Crops research. ARS also funds research on food safety, human nutrition, and natural resources that indirectly benefits specialty crops. Specialty Crops research is conducted in most of ARS' national programs, with the exception of those in Animal Production and Protection, and Rangelands, Pasture, and Forage. The majority of ARS' Specialty Crops research efforts are currently focused in the areas of breeding/genetics/genomics and detection/identification/management of existing, emerging, and exotic pathogens, pests, and weeds. Research in crop production systems (including organic systems), pollinator health, nutrition and health impacts, food safety, product quality, and new uses rounds out the ARS' Specialty Crop research program. ARS intends to maintain a strong program in Specialty Crops research commensurate with available resources.

The Economic Research Service (ERS) has an ongoing commitment to ensuring that critical economic research benefiting the specialty crops sector is conducted. The Economic Research Service will continue to inform public and private decision making on issues related to agriculture, food, the environment, and rural development. The agency's research program is aimed at the information needs of USDA policy makers, but ERS information and analysis is also used by the media, trade associations, public interest groups, and the general public. Our research findings and market outlook programs improve the quality of the market information that guides farmers' production decisions and risk management in the agricultural sector.

In the coming year, the ERS's program of market analysis and research will be focused on the following activities:

Market Outlook:

Reports. ERS will continue to publish periodical reports in two outlook series: *Fruit and Tree Nuts Outlook* and *Vegetables and Melons Outlook*. These reports analyze supply and demand factors affecting markets for a wide range of fresh and processed fruits and vegetables, backstopped by detailed tabular and graphical information.

Program analyses. ERS will continue to provide analysis needed for USDA's annual baseline projections for fruits and vegetables; farm income projections; official government per capita consumption data used by USDA's Center for Nutrition Policy and Promotion to calculate the nutrient content of the U.S. food supply; and implementation of trade adjustment assistance programs.

Data products. ERS will expand two new data products on fruits and vegetables that harmonize and integrate data from ERS' market outlook program with data collected by different Federal and international statistics agencies to enable analyses of economic performance over time, and across domestic and foreign markets.

Research:

Farm Bill: ERS will be publishing its report on the impacts of eliminating Direct and counter-Cyclical Payment Program (CDP) and Average Crop Revenue Election (ACRE) program payments to farms with 10 or fewer base acres. The findings from this research were previously submitted by USDA in a report to the Committee on Agriculture, Nutrition and Forestry in March, 2011.

Food Safety: ERS is analyzing industry costs of outbreaks in the fresh produce sector to inform Federal risk communication practices in instances where missteps can cause millions of dollars in industry losses for perishable commodities. ERS is also collaborating with researchers at the University of California-Davis and Iowa State University on a study of industry costs for food safety measures that

may be proposed under the Food Safety Modernization Act for different types of farm operations producing leafy greens.

Organics. ERS will analyze opportunities for expansion and innovation in production and marketing activities by producers to meet increasing demand for organic products using data from the ERS survey of Organic Handlers for 2005 and 2007, the USDA-NASS 2007 Organic Production Survey, the Economic Census, and US Commerce Department data on international trade in organic products which first became available in January, 2011. Econometric and optimization models will be used to investigate which factors significantly affect earned organic income, including stated barriers to marketing and production, federal program participation, years of experience, and production practices.

ERS has a cooperative research project underway with Washington State University that is focused on apple production in the U.S. Both conventional and organic apple production is concentrated in Washington State, and the cooperative research project uses Agricultural Resources Management Survey (ARMS) data to compare the cost of production in conventional and organic systems. Project findings are expected to be published in extension and journal venues during FY-2012. Preliminary findings were presented at the USDA Organic Conference held during March 2011 in Washington DC.

Local Foods: ERS will analyze the impacts of fruit and vegetable planting restrictions on opportunities for local food production.

Trade: ERS is analyzing the benefits of increased imports of fruits and vegetables that increase the year-round availability of fresh produce for consumers, and the spillover effects of off-season imports when habit formation increases demand for in-season goods produced by U.S. farmers. ERS is also investigating the effects of phytosanitary regulations on bilateral trade patterns in fresh fruits and vegetables.

Prices: ERS will continue to monitor retail and farm-level prices for fresh fruits and vegetables, and provides analytical information on their market dynamics. Estimates of retail cost, farm-level price, the farm-to-retail price spread, and the farmer's share of the retail price will continue to be posted on the ERS website (<http://www.ers.usda.gov/data/farmtoconsumer/pricespreads.htm>). In addition, ERS will analyze the evolution of trends, seasonal patterns, and variability in prices for the most economically significant fresh fruits over the past thirty years.

Consumption: ERS will continue to monitor consumer demand for, and consumption of, fresh fruits and vegetables. Analysis will include the American's consumption of fruits and vegetables by age, income, ethnicity, and eating location, which provides important insights into market opportunities for specialty crop producers.

- 2) Last year's Food Safety Modernization Act (FSMA) included a provision I authored to authorize the National Institute of Food and Agriculture (NIFA) to establish the National Food Safety Training, Education, Extension, Outreach and Technical Assistance competitive grants program. The program will provide food safety training, education, extension, outreach, and technical assistance to owners and operators of farms, small food processors, and small fruit and vegetable merchant wholesalers, with a priority on small and mid-size farms and including an emphasis on co-management of food safety and conservation. The need for this type of program is great. I am anxious to see this program obtain funding and get off the ground as quickly as possible. The FSMA calls for FDA to develop a MOU with NIFA to establish the program and the ground rules for coordination with FDA. Can you tell me what progress has been made on the MOU and what the expected completion date is?

Response: To this end, NIFA staff participated in one preliminary meeting with FDA staff on March 29, 2011. At this meeting, a previously drafted general MOU regarding food safety and nutrition, with edited language designed to memorialize a future grant program, was circulated. NIFA consulted the Office of General Counsel (OGC) regarding the implementation of section 209 of FSMA and the existing general MOU. OGC recommended that both HHS and USDA obtain the delegation of authority to implement FSMA and to ensure appropriate signatory officials. In addition, OGC recommended the drafting of a separate MOU designed to establish the Food Safety Training, Education, Extension, Outreach and Technical Assistance competitive grant program. Based on OGC's opinion, the Director of NIFA drafted a Secretary's Memorandum which outlined the Delegation of Authority for the Food Safety Training, Education, Extension, Outreach and Technical Assistance grant program, which is an amendment to section 405 of the Agricultural Research Extension, and Education Reform Act of 1998 (AREERA). On July 1, 2011, Dr. Woteki, Under Secretary for Research, Education, and Economics counter-signed the general MOU. In addition, the Secretary approved the Delegation of Authority to implement FSMA and the Food Safety Training, Education, Extension, Outreach and Technical Assistance competitive grant program to NIFA.

NIFA is poised to draft the Food Safety Training, Education, Extension, Outreach and Technical Assistance program implementation MOU, regulations, and Request for Applications.

Senator Pat Roberts

- 1) The organic industry is one of the fastest growing sectors of agriculture – organic food sales grew 7.7 percent in 2010; however, organics represented approximately 4 percent of overall food sales in 2010. Given the current budgetary responsibilities and fiscal constraints that are imminent, what research programs are available that can benefit the organic industry besides the Organic Research & Extension Initiative Program?

Response: There are both private and public sector programs available to fund organic agriculture research and education programs. In the private sector the Organic Farming Research Foundation has two grant programs, one is for research and the other is for education and outreach. In the public sector, at the national level, organic agriculture research has been funded by USDA-Economic Research Service (ERS), USDA-Agricultural Research Service (ARS) and USDA- National Institute of Food and Agriculture (NIFA). ERS research, analysis, market outlook, and data programs provide a wealth of information to support decision-making by participants in the organic food and fiber sector, and all products are easily accessible on the ERS website.

Within NIFA there are several programs in addition to the Organic Research & Extension Initiative (OREI) that can support organic agriculture research. The Organic Transitions Program is an integrated program dedicated specifically to organic research, extension and education and has been included in the President's FY2012 budget request at \$5 million. There are several other programs that can fund organic agriculture research. Foremost among these are the Hatch and Smith Lever formula fund programs for research and extension respectively. The research and extension activities conducted under these formula programs are directed by the recipient states in response to stakeholder input and require a 100% match of non-federal funds.

Several other programs within NIFA can and have provided various levels of funding for organic agriculture research. The Sustainable Agriculture Research and Education (SARE) program and the Beginning Farmers and Ranchers Development Program (BFRDP) have provided funding for projects that partially or entirely involve organic research. Historically, the SARE program which is a competitive grants program administered by four independent regional administrative councils has invested approximately 20% of its funding in organic research and extension projects.

The Critical Issues in Pest Management, the Extension IPM and the IR-4 program have also contributed to general knowledge about organic pest management through research on reduced-risk pesticides and pesticide alternatives. The Small Business Innovation Research (SBIR) also supports developmental research that can benefit organic growers.

There has also been incidental support for organic agriculture in the Agriculture and Food Research Initiative (AFRI) competitive grants program. For example, a 2010 proposal, on 'Managing the Emerging Risk of Trichinellosis in Organic and Free Range Pork' was funded in the AFRI Critical and Emerging Food Safety Issues Program.

- 2) How many programs are administered by the National Institute of Food and Agriculture (NIFA)? Of these, which programs would also benefit specialty crop and organic producers? How do you ensure that all the NIFA research programs are coordinated with Agriculture Research Service (ARS) in-house research efforts?

Response: NIFA administers 53 programs. Many of these programs directly and indirectly benefit specialty crop and organic producers. For example, the SARE program

funds many projects that deal with production methods that might be acceptable to the NOP. Likewise, there are components of AFRI that would have indirect benefits for both specialty crops and organic agriculture. But these programs are complementary to programs like SCRI or OREI, which deal specifically with specialty crops and organic agriculture, respectively, not duplicative. For example, basic genomics research funded through our AFRI program in plant genomics is translated into new cultivars for producers through genetics and breeding programs funded by SCRI and OREI.

With respect to research coordination the 2008 Farm Bill provides authority to the Chief Scientist/Under Secretary of REE to ensure that research, education, and extension programs are effectively coordinated and integrated. The REE mission area has held a series of consultations with stakeholders and the NAREEE Board and developed an action plan that identifies the challenges facing agriculture and our strategies and specific actions to be undertaken. Undersecretary Woteki is committed to maximizing federal dollars by ensuring systematic research program planning monitoring and evaluation. Recognizing that the scientific method requires the replication of results, REE's leadership, program managers, and researchers track scientific projects through its Current Research Information System (CRIS) to avoid unnecessary duplication. In addition NIFA and ARS hold joint stakeholder meetings on scientific research to design research programs that are complementary rather than duplicative.

- 3) USDA recently announced its intention to establish a Citrus Disease Research and Development Advisory Committee as well as investing \$11 million over the next 3 years targeting citrus greening. I agree that citrus greening is a serious threat that can have a devastating impact on the citrus industry. You mention in your testimony that a specialty crop subcommittee already exists within the National Agriculture Research, Education, Extension, and Economics (NAREEE) Advisory Board with the sole purpose of advising and identifying immediate and long-term research needs pertaining to specialty crops. In my view, such a serious threat like citrus greening clearly falls within the category of needs for this subcommittee to address. In USDA's view, why must a separate committee be established specifically on citrus greening? Does the purpose and role of the new citrus greening advisory committee seem duplicative to the already existing specialty crop subcommittee within the NAREEE Board?

Response: As you have noted, we all agree that citrus diseases including citrus greening constitute a critical issue that requires further study and development of threat mitigation strategies to stave off a full-blown epidemic. After receiving input from many stakeholders, the Secretary charged REE to work with other components of USDA to devise several strategies to address this serious threat. To this end, REE has been considering all options—from a stand-alone committee to an entity within the NAREEE board to broader task forces—in the formation of this new committee. While the details of the committee are still being worked out, the Secretary is committed to ensuring that solutions incorporate continued input from producers, industry representatives, and the scientific community. Additionally, as timing and flexibility are of utmost importance,

REE is working quickly to design a mechanism that meets the interests and requirements of the many entities involved.

Senator Kirsten Gillibrand

- 1) Dr. Woteki, I realize that funding for the Viticulture Consortium no longer exists. *In your opinion, did this program create important research for USDA on viticulture? If so, would you hope that funding is restored for the program?*

Response: The Viticulture Consortium (VC) was a Special Research Grant. National Program Leaders from NIFA worked very closely with the recipients of this funding to create a competitive grant program that was peer reviewed for scientific quality and also reviewed for stakeholder relevance. The Department believes that competitive peer reviewed grant programs are the best mechanism for attracting the highest caliber scientists to address critical research issues.

The sub-grants funded include research with both near and long term objectives including both basic and practical application of results in field studies. Sub-projects addressed biology and management of grapevine pests, including diseases (Pierce's disease, cankers, oakroot fungus, viruses and powdery mildew, etc.), insects (mites, phylloxera, leafhoppers, sharpshooters and mealy bugs), and nematodes. Much effort has been expended on biological controls and integrated pest management. Research on grape plant material development and evaluation (varietal, clonal and rootstock evaluation, disease screening and propagation methodology) and the impact of cultural practices and environmental factors on grapes and grape products, production and quality (irrigation, nutrition and mechanization) has also been funded. Information developed has been distributed through professional, industry and trade journals, annual reports, web sites, and presentations at scientific and grower/industry meetings.

- 2) The 2008 Farm Bill included a requirement that "classical" or "conventional" plant and animal breeding be made a priority for funding within USDA's flagship competitive research grant program, the Agriculture and Food Research Initiative.

And yet we are hearing from farmers and plant breeders in the Northeast and elsewhere that USDA has done nothing to address this Farm Bill mandate. This is a particularly acute problem for organic farmers, because their farming systems rely so heavily on having seed varieties that are well adapted to their local soils and environment, and classical breeding is the method used to develop these locally adapted seeds. Genomics, which is where most of the research funding is going, just does not meet these needs.

But the problem is not limited to the organic sector. I'm also hearing that the lack of USDA funding for classical breeding programs is one of the main reason that our public plant breeding programs at our nation's land grant institutions are drying up. Relying on a few large private companies alone to provide seeds is not wise public policy, because it

greatly limits choices for farmers and consumers. Maintaining public sector plant breeding programs is a critical food security issue.

Dr. Woteki, can you tell me why USDA has not responded to this critical need, as identified in last Farm Bill? What can be done to reinvigorate our classical plant and animal breeding in the nation, to make sure that our farmers have the seeds they need to be competitive, and that all regions have seeds that are adapted to their growing conditions?

Response: The Agriculture and Food Research Initiative (AFRI) was created under the 2008 Farm Bill. Under the Priority Area, Plant Health and Production and Plant Products, it authorizes funding for research in the area of “conventional breeding, including cultivar and breed development, selection theory, applied quantitative genetics, breeding for improved food quality, breeding for improved local adaptation to biotic stress and abiotic stress, and participatory breeding.” Under Animal Health and Production and Animal Products, it lists, “conventional breeding, including breed development, selection theory, applied quantitative genetics, breeding for improved food quality, breeding for improved local adaptation to biotic stress and abiotic stress, and participatory breeding.” Since 2008, 11 RFA’s have solicited proposals for research and education or extension. The titles of the RFA’s are: Plant Genome, Genetics, and Breeding; Applied Plant Genomics Coordinated Agricultural Projects; Plant Breeding and Education; Animal Genome, Genetics, and Breeding; Animal Health and Production; Improving Sustainability by Improving Feed Efficiency of Animals; Oomycete Pathosystems in Crop Plants to Minimize Disease; National Cereal Germplasm Phenotyping; Plant Health and Production and Plant Products; Animal Health and Production and Animal Products and; Plant Feedstock Genomics for Bioenergy. Eighty-two grants totaling \$117 million are being funded that contain classical breeding.

USDA is very supportive of plant and animal breeding as reflected in our funding opportunities, and grants involving molecular markers and genomics should be considered as contributing to plant breeding by providing additional tools and technologies leading to cultivar releases in some cases as well as critical training for the next generation of modern plant breeders. Insights about the genetic properties of plants can lead to more effective classical hybridization and other seed and plant development without the use of biotechnology and without any transgenic technology. Along with the AFRI programs, significant plant breeding efforts are ongoing in non-AFRI programs such as the Specialty Crops Research Initiative, Organic Research and Extension Initiative, Small Business Innovative Research and USDA’s Agricultural Research Service.

Plant breeding has a long history of integrating the latest innovations in biology and genetics to enhance crop improvement. The competitively funded Agriculture and Food Research Initiative Coordinated Agricultural Projects for wheat, barley, rice, tomato, potato, and common bean are excellent examples of National strategies that encompass classical breeding for the creation, selection, and fixation of superior plant phenotypes. They specifically target development of improved cultivars and seeds suited to the needs

of farmers and consumers based on stakeholder input. However, only a few public crop breeding programs can be supported each year because of limited funding. Increased funding could be used to accelerate support of additional Coordinated Agricultural Projects for classical breeding for crops that are especially targeted to address domestic and global food security production issues. The FY 2012 Budget proposed an increase for AFRI.

Senator Richard G. Lugar

- 1) The Economic Research Service (ERS) released a study in February 2011, entitled, "Fruit and Vegetable Planting Restrictions: Analyzing the Processing Cucumber Market." However, the report is relatively narrow in its focus, examining "the anticipated consequences of the 2008 Farm Act's Planting Transferability Pilot Program (PTPP) on processing (pickling) cucumber plantings." Does ERS plan on expanding this study to include other processed fruit and vegetable products or the sector as a whole?

Response: ERS, in conjunction with Farm Service Agency, released two studies, "Fruit and Vegetable Planting Restrictions: Analyzing the Processing Cucumber Market" February 2011 (available at <http://www.ers.usda.gov/Publications/VGS/2010/12Dec/VGS34202/>) and "An Analysis of the Planting Transferability Pilot Program's First Year, 2009, submitted to the Committee on Agriculture, Nutrition and Forestry, United States Senate and Committee on Agriculture, U.S. House of Representatives, January 2011 (available at http://www.fsa.usda.gov/Internet/FSA_File/fv_plantg_restricts_rpt_120210.pdf). The later study analyzes the effects on the seven processing vegetables (cucumbers, green peas, lima beans, pumpkins, snap beans, sweet corn, and tomatoes) in the seven Upper Midwestern States (Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio, and Wisconsin) covered under PTPP.

Briefly, farm-level data obtained from Farm Service Agency (FSA) for 2009 indicate that 10,215 acres were planted under PTPP, about 14 percent of the total allowable acres by statute and a small share of total processing vegetable acreage. One hundred and fifty-five farms participated, with Illinois, Indiana, and Minnesota accounting for approximately 85 percent of the farms and acres.

Why was participation a relatively low 14 percent? Stagnant market demand and producers' flexibility to expand processing vegetable production without PTPP are major reasons. For growers to expand acreage, processors must offer attractive contract prices. Growers and processors, though, are very well aware that long-run demand for processing vegetables is stagnant or declining, and that net returns to other crops are often more attractive. Even if markets were more favorable, availability of non-base acres and a producer's prior vegetable planting history on base acres often provide sufficient acreage for expanded plantings.

In collaboration with Farm Service Agency, ERS has started to examine and analyze data to study the effects of relaxing the planting restrictions for fresh and processing fruit and

vegetables nationwide. Depending on data and resource availability, ERS anticipates the study to be completed in 2012.

Senator John Thune

- 1) In your testimony you said that the 2007 Census of Agriculture found that beginning farmers are more likely to be involved in specialty crop production. What can we include in the upcoming Farm Bill to further encourage beginning farmers, not only in general, but specifically in the area of specialty crop production?

Response: The Research Title the 2008 Farm Bill included two mandatory programs that work in tandem to address both of the issues that you have raised. These are the Beginning Farmer and Rancher Development Program (Sec. 7410) and the Specialty Crop Research Initiative (Sec. 7311). Each of these programs has a unique role and neither should be considered as an alternative for the other.

Fundamental to the success of beginning farmers and ranchers is the acquisition of critical skills that will enable success in a highly competitive industry subject to rapid changes in technology, growing conditions and markets. Many beginning farmers and ranchers are from non-traditional backgrounds and need education and training in production techniques, business management and marketing. Ultimately these core skills can underpin success regardless of the specific type(s) of production the producers choose to pursue and will allow them flexibility to refine their farm's enterprises in response to changing conditions. The Beginning Farmer and Rancher Program is a competitive grant program that works through partnerships with public and private organizations around the nation to provide this type of training tailored to specific local audiences.

Successful specialty crop enterprises require mastery of technical skills that are specific to the crops being grown, the sites where they are grown and the market opportunities that exist. The Specialty Crop Research Initiative is an integrated program that supports research and extension to develop and disseminate solutions for the industry. Some specialty crop production enterprises are particularly attractive to small-scale beginning farmers because the demands for capital investment and land are low and the end products can be direct marketed and often have a high value, creating a large potential profit margin. These producers need research and extension that is often targeted to limited-acreage crops with limited national or regional markets, unique business practices such as cooperative aggregation and processing and the cultural nuances of the producers. The Specialty Crop Research Initiative is a competitive grants program that comprehensively addresses the unique needs of the specialty crop industry.

Continued Congressional support for both of these programs will provide much needed help for our nation's next generation of farmers and ranchers.

- 2) Can you provide us with an update on the research effort going into colony collapse disorder?

Response: Several research and mitigative efforts have taken place over the past few years that will place beekeepers in a better position to ensure the health of their bees in the coming year. For example, ARS has implemented an aggressive research program over a wide area of the United States that promises to help demonstrate and validate a combination of technologies to produce strong bee colonies capable of withstanding stresses associated with colony collapse disorder (CCD). This program focuses on the use of resistant bees, management of varroa mites with bee-friendly miticides, and supplemental protein and sugar feeding of bees to sustain overwintering populations and build up populations in the early spring.

In addition, research objectives for the next 5 years at the ARS bee research units include: 1) Developing molecular and chemical tools to determine the physiological basis of bee responses to stressors; 2) Determining the influence of nutrition on varroa infestation levels in worker and drone cells and the impact on their health and longevity as adults; 3) Identifying and evaluating traits, genes, and markers associated with bee resistance to mites and pathogens, possibly including agents discovered to cause colony collapse disorder; 4) Measuring the individual and synergistic impacts of key honey bee disease agents including varroa, viruses, nosema, and the American foulbrood bacterium under field, cage, and laboratory conditions; 5) Defining the resistance mechanisms of bees toward pathogens, especially bacteria and viruses, focusing on individual and group defenses as a means of providing candidate traits for breeding programs, and 6) Determining if there are genetic components to emerging problems (such as colony collapse disorder) once syndromes and causes are identified.

- 3) Is your mission area conducting or sponsoring any research that would provide information to consumers to show the health or other benefits that offset the additional costs of purchasing certified organic foods?

Response: Evaluating the nutritional value of organic products compared to products produced by conventional methods, and developing means to enhance that value has been a priority in the Organic Research and Extension Initiative (OREI). We have funded breeding and production projects to increase crop quality, including phytochemical content. Specific examples where we funded projects to improve fruit quality are in blackberries and stone fruits. In addition in OREI, we have funded food safety research on a number of organic crops, including leafy greens. Comparisons of food safety between organic and conventional poultry and pork products have also been funded in the AFRI food safety program.

OREI continues to include pest management in organic systems as a high priority in response to organic consumers' expectation that organic food was produced using only substances allowable on the National List. The Agricultural Marketing Service analyzes pesticide residues on certain foods, including those marketed as organic foods. Consumers of organic foods also expect these foods not to be the product of genetically

modified organisms (GMOs). OREI is funding research on breeding non-GMO crops specifically designed for use in organic systems. Some of these breeding programs include mechanisms for excluding foreign pollen, such as that from GMOs.

Finally, consumers of organic products expect that organic growers will use environmentally responsible practices and raise livestock and dairy animals under conditions where animal health and welfare are taken into account. The goal of the Organic Transitions Program (ORG) is to both document and improve the environmental services, carbon sequestration and greenhouse gas mitigation potential of organic farming practices. Animal health and welfare is one of the priority areas for OREI, and we have funded a number of proposals in this area.

Senate Committee on Agriculture, Nutrition & Forestry
The State of Livestock in America
July 28, 2011

Questions for the Record

Ms. Ann Wright, Deputy Under Secretary for Marketing and Regulatory Programs,
U.S. Department of Agriculture

Senator Debbie Stabenow

- 1) Pest and disease issues continue to be one of the primary issues I hear about from specialty crop growers. Whether it is the Brown Marmorated Stink Bug or the Spotted Wing Drosophila, these bugs can have a major economic impact on producers. Prevention and early detection is obviously key. It is my understanding that in FY 2011, requests for funding through the *Plant Pest and Disease Management and Disaster Prevention* program totaled \$124 million- nearly 3 times the amount of funding available. Can you describe the process APHIS conducts in determining priority for funding that is allocated to states and projects to address pest and disease issues? Have the current statutory requirements for determining a high risk state been sufficient to allow APHIS to appropriately target funding to state needs?

Response: APHIS engaged external stakeholders, such as the National Plant Board and Specialty Crops Farm Bill Alliance, and sister agencies in USDA, including the National Institute of Food and Agriculture (NIFA), Agricultural Research Service (ARS) and Forest Service (FS), in designing the criteria to evaluate hundreds of project suggestions and in developing a project slate for the past three years. In fiscal year (FY) 2011, more than half of the project reviewers came from outside of APHIS. Suggestions were evaluated on their alignment with Section 10201 goals, the expected impact of the project, and the technical approach. In addition, the reviewers considered how the suggestions would complement ongoing USDA programs and other Section 10201 projects.

Initially, APHIS characterized risk by state to help start a dialogue about states that may be most susceptible to the introduction of invasive exotic pests and that may realize the most harm. The preliminary findings of this assessment were presented to the National Plant Board and the Specialty Crops Farm Bill Alliance. Understandably, because different states have different perspectives on their levels of risk, there was disagreement. In response, APHIS has funded a number of projects with Section 10201 funding to enlist state and industry perspectives in revising the state risk determinations. While this work is ongoing, APHIS is using the initial estimates of risk by state to inform our funding decisions and to encourage a discussion and cooperation among states about high risk pathways.

Yes, the current statutory requirements for determining a high risk state have been sufficient, recognizing that Section 10201 is not a formula-based program. Funding decisions are based on a number of factors beyond risk, such as how well a project aligns

with the goals of the Farm Bill provision. While state risk is one factor we consider in distributing Section 10201 funding, we support and are encouraging a dialogue in which we all look at pathways—natural as well as pathways in commerce and travel—as compared to state political boundaries. As we and collaborators bring additional data to the table to enhance our interpretation of pathways, we will periodically update our various risk documents. We believe that this kind of approach will get at the heart of what we are trying to accomplish in addressing the ever changing canvas of biological risks of these pests and diseases.

- 2) The Khapra beetle was discovered 2 weeks ago at the Blue Water Bridge Customs check point in Port Huron. This is just the latest discovery of an extremely devastating pest nearly making it into our country. How effective is the current system at controlling pests at our borders and responding rapidly to contain or eliminate a new pest when it is found in the US?

Response: With the emergence of a truly globalized economy, the United States imports an increasingly diverse range of products. This trade brings great benefits, but it can also bring some unintended consequences if we are not careful. Those include the introduction of invasive plant diseases and pests to our country. As our trade with other countries has expanded, so have the opportunities for these threats to our country's agriculture.

To address these threats, APHIS and U.S. Customs and Border Protection (CBP) have worked closely in strengthening this country's agricultural safeguarding system through a set of comprehensive, interlocking programs that work together to protect agriculture. This multi-layered system includes the border inspection function – which was transferred to CBP in 2003 – as well as numerous APHIS safeguarding activities that begin well before our borders and continue after products enter the United States. APHIS' activities include the development of strong, science- and risk-based regulatory policies to prevent invasive pests from being imported, overseas preclearance inspections of commodities, extensive pest and disease surveillance in the United States and abroad, and a robust emergency response system in the event of significant pest or disease incursions, among other things. All of these activities are critical in maintaining our strong safeguarding system.

Once the khapra beetle was identified as a significant concern, APHIS worked with CBP to improve its identification of the beetle at ports of entry, leading to increased interceptions. APHIS also took regulatory action in the form of two Federal Orders restricting the import of rice in commercial and non-commercial cargo in order to reduce the threat from this pest pathway. In addition, APHIS worked with foreign governments to improve phytosanitary measures to reduce the risk from the khapra beetle. CBP is planning to target its operations to determine what other products pose a risk of introducing the khapra beetle in order to better inform the next phase of regulatory action.

Although every effort is made to mitigate pest risk before arrival in our country, we recognize that with increasing global trade, we will be faced with these threats from time

to time. Every single agricultural good—as well as crates, pallets, ships, and other containers that may also harbor pests—cannot be inspected. This is why a strong emergency response system is key. If we can detect a foreign pest early, before it is established, our chances of eradicating it are much greater. But, if left undetected and allowed to spread, we may lose the battle before we even know we have a new pest in this country. This is where Section 10201 of the 2008 Farm Bill has been critical. It has provided the resources to make early detection and rapid response of dangerous invasive species a reality. For example, since Section 10201 was created, 13 separate exotic fruit fly infestations in California have been detected and eradicated without requiring an emergency transfer of funds. Section 10201 funding directly strengthens and protects agriculture production in all 50 States.

- 3) Is APHIS currently coordinating pest management efforts with the Natural Resource Conservation Service and Research, Education and Economics mission area to ensure there is some continuity to our efforts in addressing these pests? In other words- are we being effective in targeting our limited resources to reduce duplication and be effective in our efforts?

Response: APHIS coordinates with several sister agencies of USDA, including Forest Service, Agricultural Research Service, Economic Research Service, National Agricultural Statistics Service and National Institute for Food and Agriculture, to ensure timely coordination, leveraging of resources, and effective response strategies to plant pests of regulatory, economic, and environmental significance. For example, the Citrus Health Response Program's (CHRP) Science and Technology Coordination Group (STCG), which encompasses representatives from APHIS, ARS, NIFA, universities, and stakeholders, is responsible for coordinating all research and method development activities in support of the U.S. citrus industry against key pests such as the deadly citrus greening disease. This group will also coordinate with the Citrus Disease Research and Development Advisory Committee announced by Secretary Vilsack in July 2011.

Another example includes the common practice of establishing Technical Working Groups (TWGs) of subject matter experts from USDA agencies, universities, and the private sector to provide APHIS and cooperators with coordinated technical support in response to invasive plant pest incursions or outbreaks of regulatory significance. APHIS also coordinates with ARS on potential control strategies for the brown marmorated stink bug, as well as with the Forest Service to ensure coordination of resources and efforts to combat forest pests such as the Asian longhorned beetle, emerald ash borer, gypsy moth, sirenix, and thousand cankers disease. In addition, APHIS establishes task forces of representatives from USDA agencies, universities, states, and industry stakeholders to coordinate the development and communication of Best Management Practices (BMP) to ensure effective control strategies against plant pests and diseases of economic importance.

- 4) I hear from specialty crop growers consistently that the Specialty Crop Block Grant program has been extremely beneficial to producers throughout the country. However,

the timing for issuing these grants is often delayed. What is the agency doing to ensure states receive these grants in a timely manner consistent with growing seasons?

Response: The delay in the Specialty Crop Block Grant Program's Notice of Funding Availability (NOFA) is the result of the delayed Congressional approval of the U.S. Department of Agriculture's budget. The Agricultural Marketing Service recognizes that the recurrent delay in the publication of the NOFA is a major concern by specialty crop stakeholders and the states.

To address this issue, the Agricultural Marketing Service encourages each of the state departments of agriculture to publish requests for proposals with the anticipation of the Specialty Crop Block Grant Program being apportioned funds to distribute. While some states move forward with the competitive process in anticipation of the NOFA, many do not due to state statutory or regulatory limitations, inhibiting their ability to adequately carry out their competitive process.

- 5) The 2008 Farm Bill provides base grants of \$100,000 or 1/3 of 1% of total funding for each fiscal year, whichever is higher, with the remaining funds allocated to states based on the proportion of the value of specialty crop production in the state in relation to the national value of specialty crop production in all states whose applications are accepted. However, several states receiving grants have limited specialty crop production. What percentage of states submitting requests for funding through SCBG produce less than 1% of the specialty crops grown nationwide? Does AMS provide technical assistance to these states to ensure funding is being used effectively to increase the competitiveness of specialty crops?

Response: Approximately 66 percent of the states that submit requests for funds produce less than 1 percent of the specialty crops grown nationwide.

The Specialty Crop Block Grant Program maintains a comprehensive evaluation process for all applications. During this process, the Agricultural Marketing Service requires that each project illustrate how Specialty Crop Block Grant Program funds will solely enhance the competitiveness of eligible specialty crops. In the event that a project has the potential to benefit ineligible commodities, AMS will request additional information as to how the state department of agriculture and the applicable sub-recipient will ensure that Specialty Crop Block Grant Program funds solely enhance the competitiveness of eligible specialty crops (i.e., the utilization of matching funds or a registration process to ensure that only specialty crops benefit from grant project activities).

Additionally, AMS regularly communicates with each of the state departments of agriculture through email, telephone, and webinars/conference calls as well as providing written guidance and sample documents which deliver technical assistance to each Specialty Crop Block Grant Program point of contact. This assistance offers each state the knowledge necessary to ensure that their projects effectively use Specialty Crop Block Grant Program funds to solely enhance the competitiveness of specialty crops.

AMS also requires state departments of agriculture to submit annual and final performance reports. These reports are then evaluated by AMS to determine that funds were used in accordance with federal regulations and to ensure that all activities met the purpose of the grant program (to solely enhance the competitiveness of specialty crops). Further, AMS conducts site reviews each year to several different states to ensure that all expended funds meet the requirements of the program.

- 6) The SCBG program requires performance reports by grantees annually detailing the outcomes of funded projects. Since 2008, AMS has not published any state performance reports. Further, some states do not have any performance reports available for review. Are all grantees abiding by the requirement to submit performance reports to AMS? If not, what actions has AMS taken to ensure appropriate oversight over grant awards?

Response: The Specialty Crop Block Grant Program requires each grantee to submit annual and final performance reports to determine that progress toward the completion of project goals, objectives, and targets are made as well as to guarantee funds are responsibly expended and meet all pertinent statutes and regulations. After the agreement has been completed and the final performance report is accepted, the final performance reports are added to the Agricultural Marketing Service's webpage. Specialty crop block grant funds are awarded for projects of up to 3 years in duration. Consequently, many grant agreements issued in 2008 have not been completed; and there have not been any grants from 2009 completed. Data for 2008 and beyond will be updated as states complete their projects and submit final performance reports.

The Specialty Crop Block Grant Program has implemented a robust performance monitoring program to ensure that SCBGP grantees make progress toward the achievement of project goals, objectives, and targets as well as to guarantee funds are responsibly expended and meet all pertinent statutes and regulations. Annual and final performance reports, amendment approvals, communication through phone and email, quarterly expenditure reports, requests for reimbursement/advance, and site visits are all utilized by AMS to determine the success of these projects. In fact, twenty-six site visits to State Departments of Agriculture have been performed since February 2009. Site visits are particularly useful because they can facilitate a firm discussion concerning program performance and compliance with the terms of the grant agreement between the State Departments of Agriculture and AMS. These visits also foster the opportunity to provide technical assistance and educate grantees about outreach activities and the competitive grant processes.

- 7) What percentage of SCBG projects are multi-state?

Response: Since the SCBGP's inception, the State Departments of Agriculture have implemented 10 (0.36 percent) multi-state projects where two or more states partnered to enhance specialty crop competitiveness. Traditionally, these projects maintain a research or a marketing component that initiates a regional or national program effort.

- 8) The number of Farmers Markets has expanded at an exponential rate, more than tripling in the past 10 years and growing 16% from 2009-2010 alone. These markets are not only providing consumers access to local produce, but, in many areas like Eastern Market in Detroit, these markets are also serving as a sort of food hub, connecting local businesses directly to farmers and building an infrastructure for healthy foods in many areas that have little access. It is my understanding that the Farmers Market Promotion Program has been oversubscribed in every year it has existed. How many applications did you receive for the program in Fiscal Year 2010, and how many awards were you able to make? What was the total dollar value of eligible applications relative to the funding level available?

Response: The Farmers Market Promotion Program (FMPP) received 509 applications for the FY2010 cycle from all 50 states and the District of Columbia, with total funding requested in the amount of \$36,950,044. FMPP funding level for FY2010 allowed for a total of 81 grants in the amount of \$4,335,000.

- 9) AMS has recently begun taking into account factors like access to healthy produce or the ability to serve as a food hub when making determinations on funding. What percentage of the FMPP grant awards would you say currently go to areas with shortages of healthy food?

Response: The FY2011 grant cycle is the first that will formally prioritize (and analyze) FMPP awards on the basis of 'food desert' or low-income status. While data is still being processed, indications are that applications for FY2011 (and subsequent awards) will follow the traditional pattern within the FMPP, with a majority of grants expanding access to those communities who currently lack access to fresh, affordable, healthy food choices.

For fiscal years 2008 through 2010, the great majority of FMPP projects have served low-income consumers (and occasionally low-income farmers/producers) by increasing access to fresh, local foods – whether in areas officially designated as a 'food desert' or simply those neighborhoods where fresh, healthy, affordable choices are limited – through EBT programs, increased market outlets in areas where access had previously been limited, and sometimes through creating new agricultural entrepreneurs in low-access communities.

- FMPP projects serving low-income communities FY2008 67.06%
- FMPP projects serving low-income communities FY2009 75.58%
- FMPP projects serving low-income communities FY2010 69.13%

- 10) In the 2008 Farm Bill, we established a minimum ten percent set aside within FMPP for funds to cover electronic benefit transfer equipment – this allows folks participating in SNAP to use their benefits at farmers markets. I understand that since adding this set aside to the program, demand for these EBT funds has far exceeded supply. How many applications have you received that included EBT? How many have you funded? Is the Department taking any steps to expand access to farmers markets and CSAs for SNAP

and WIC participants? Beyond FMPP, what else could we do to help low-income individuals have access to healthy products like fruits and vegetables?

Response: FY2010 was the first year that the FMPP analyzed data from incoming *applications* in terms of the number of projects incorporating an EBT component. Among these, the distribution is as follows:

- New EBT Proposals: 217 (42.6% of total applications)
- Existing EBT Proposals: 18 (3.5% of total applications)

The majority of applications to the FMPP remain non-EBT projects, with 274 applications received (53.8% of total applications). Data for FY2011 is still being processed.

FMPP has funded, and continues to fund, projects that increase access for federal nutrition assistance program participants at multiple alternative outlets, including farmers markets, Community Supported Agriculture (CSAs), and roadside stands. Although the majority of such access is currently focused on the largest of these programs, the Supplemental Nutrition Assistance Program (SNAP), other programs such as those for Women, Infants, and Children (WIC), the Farmers Market Nutrition Program and the Senior Farmers Market Nutrition Program are allowed within the FMPP Guidelines. Key to expanding access to healthy, local foods within the suite of federal nutrition programs, however, is continuing support for infrastructure and programming in the transition to electronic benefits transfer (EBT).

- 11) AMS plays a key role in helping to stabilize prices through commodity purchases as well as providing nutritious products for schools and food banks throughout the country. However, delays in issuing solicitations and unique product specifications that generally do not coincide with commercial markets often make selling to AMS challenging for some growers. Has AMS considered any modifications to the purchasing solicitations and requirements that might reduce some of the challenges associated with these contracts?

Response: We are aware of these concerns. We are working very closely with industry to develop a procurement plan and system that will meet the needs of both the recipients and industry.

- 12) AMS recently announced a pilot program in Michigan and Florida designed to help schools to receive local produce. Please explain in detail how this pilot will operate. Does AMS intend to conduct outreach activities to provide growers in Michigan and Florida communities the opportunity to be added to the AMS approved growers list? What other actions has AMS taken to facilitate a connection between local producers and local consumers in states like Michigan that produce a great deal of healthy products that schools would like to have better access to?

Response: The pilot will use commercial distribution models already in place and allow schools to obtain fresh fruits and vegetables. Schools may choose to purchase locally

grown produce. Florida and Michigan will use their entitlement funds to purchase the commodities from a list of various foods purchased by USDA and offered through the school lunch program. AMS will conduct outreach activities with all interested parties. The Pilot:

- Serves as an alternative for schools to purchase fruits and vegetables;
- Allows the use of entitlement dollars for fresh fruits and vegetables;
- Allows them to utilize local growers if they want; and
- Ensures that food safety requirements are met: Domestic Origin, Food Defense, Good Agricultural Practices, Good Handling Practices, etc.

There is a USDA Farm to School Team which is working with schools and farmers to identify challenges and provide solutions to link local growers and schools. In July, the Farm to School team released a summary report, available at the following link: http://www.fns.usda.gov/cnd/F2S/pdf/2010_summary-report.pdf

- 13) Organic agriculture is one of the fastest growing sectors of agriculture, providing opportunities for farmers and jobs in rural America. As an emerging market and growing industry, organics have a more limited production history upon which to base programs. In the 2008 Farm Bill, we created the Organic Production and Market Data Initiatives, an inter-agency initiative to begin to address the lack of data collection relevant to the organic sector. The Agricultural Marketing Service is one of the agencies that is part of this initiative and is responsible for price collection and reporting for certain organic commodities. Does AMS currently have the resources it needs to keep pace with the organic sector's growth? How has AMS been utilizing this data to better support organic markets? Has AMS actively engage the Risk Management Agency to facilitate better risk management programs by using some of this market data?

Response: The funding that Congress provided in the 2008 Farm Bill has enabled AMS to conduct specific organic production reporting across numerous commodities which is now available to users through the Agency's Market News Portal. While those Farm Bill funds will be exhausted in FY 2013, AMS plans to implement efficiency measures that will allow the Market News Program to continue reporting these commodities at approximately the same level. However, because the market for organics continues to expand and diversify, AMS may not be able to broaden service at a comparable pace.

AMS collects, analyzes, and disseminates organic information that is not available publically from any other source. The market information that AMS has been collecting on organically-grown agricultural commodities forms the basis for new market news reports devoted entirely to filling the information needs of the organics sector. Using this information, producers and marketers of organically-grown agricultural commodities are able to make more informed decisions in support of their marketing activities. Within AMS, this information can be used to inform other AMS activities that could benefit the

organics sector, including the National Organic and Transportation and Market Development Programs.

AMS and RMA have maintained an active and productive working relationship in the area of organic market information. RMA has long used USDA Market News information and reports as a prime data source in their analysis and price discovery processes, as in their crop insurance policies and their disaster payments program. In the 2002 Farm Bill, RMA was directed to treat organically grown products distinctly and separate from conventionally grown products. RMA determined that there was very limited timely and reliable market information available to enable them to meet this mandate. As a result and based on their long standing reliance on Market News data, RMA entered into a series of interagency agreements with AMS to enhance key information tools – most notable the Market News Portal and the Market News Information System database -- to capture the information they needed. AMS Market News now has a number of specialized organic market reports and Portal tools that allow customers to run their own reports, either specific to organic products or directly comparing organic and conventional markets.

The expanded organic datasets provided by AMS form the basis for most of the work conducted by RMA in the organics sector. The agencies hold regular meetings to discuss progress, maintain inter-agency agreements specific to RMA's organic information needs, and have held training sessions and workshops to further support risk management programs. According to RMA, AMS is its preferred source for organic market information.

Senator Pat Roberts

- 1) On January 4, 2011, AMS released a federal register notice announcing the availability of funds for the Specialty Crop Block Grant program for fiscal year 2011. State departments of agriculture were encouraged to develop their grant applications promptly, and invited to submit applications. The deadline for these applications was July 13, 2011. Unfortunately, some individual states had already developed their grant applications and solidified their projects well before the federal register notice was released. The result of this precludes many states from collaborating with each other and considering multi-state projects. The 2008 Farm Bill report requested "the Secretary to give strong consideration to multi-state projects." What percentage of Specialty Crop Block Grants are used for multi-state projects? What type of multi-state projects are being funded through this program, and what modifications, if any, should be made to this program so that it continues to address critical needs of this industry in a more efficient and effective manner and promotes the collaboration among states and specialty crop stakeholders?

Response: Since the SCBGP's inception, the State Departments of Agriculture have implemented 10 (0.36 percent) multi-state projects where two or more states partnered to enhance specialty crop competitiveness. Traditionally, these projects maintain a research or a marketing component that initiates a regional or national program effort. It is our

understanding that one of the reasons for the low percentage of multi-state projects is a result of a lack of understanding and conflict between state statutes, regulations, and policies.

- 2) How many Farmers Market Programs does USDA administer? Can you recommend or suggest ways we can consolidate these programs into a “one stop shop” for all farmers market stakeholders? In other words, shouldn’t we streamline or merge these programs into one so that they are more efficient and effective?

Response: While several USDA programs may impact farmers’ market stakeholders, they differ in terms of core constituencies and mission. For example, the Food and Nutrition Service (FNS) focuses on nutrition and access to healthy food, whether that access is gained at traditional retail venues or alternative outlets such as farmers markets and community-supported agriculture (CSA) programs. FNS administers the Farmers’ Market Nutrition Program which provides cash grants to State agencies to provide fresh, unprepared, locally grown fruits and vegetables to WIC participants, and to expand the awareness, use of, and sales at farmers’ markets.

The Agricultural Marketing Service (AMS), conversely, focuses on direct marketing and food access from the perspective of increasing farm income through an expanded consumer base and informed management of the supply chain. AMS administers the Farmers Market Promotion Program which provides grants to help improve and expand domestic farmers’ markets, roadside stands, community-supported agriculture programs, agri-tourism activities, and other direct producer-to-consumer market opportunities. Entities eligible to apply include agricultural cooperatives, producer networks, producer associations, local governments, nonprofit corporations, public benefit corporations, economic development corporations, regional farmers’ market authorities and Tribal governments.

Although these programs, like many within USDA, are complementary in terms of serving the broader food system, USDA agencies bring a unique perspective and knowledge base to their efforts, as well as differing stakeholder interests. For example, FNS staff are adept at nutrition education and implementing a system of retailer authorization based on that expertise, as well as engaging with the social services community. AMS on the other hand, provides the knowledge to effectively market local foods based on their experience with alternative and direct-marketing projects, supply-chain research, and engagement with the farming and business communities. There are fundamental differences in their respective, core missions.

- 3) How many programs does USDA administer that assist growers in becoming certified organic growers? I understand that the Organic Certification Cost Share Program is one type of program, but aren’t there other programs that achieve similar goals – for example EQIP? If so, are there ways we can merge these programs or streamline them so that they are more effective?

Response: The National Organic Certification Cost Share Program, administered by the Agricultural Marketing Service (AMS), is limited to organic operations that have achieved organic certification. The Organic Certification Cost Share Program provides reimbursement through State cooperative agencies for part of the organic certification costs for new and existing certified organic operations. Participation only requires proof of certification for simple, mandatory funding assigned on a first come, first served basis. The goal of the Organic Certification Cost Share Program is to increase participation in certified organic production as a value-adding marketing claim.

AMS also administers the Agricultural Management Assistance Program which provides funds to 16 states to defray the cost of organic producer certification. Producers eligible for assistance through this program are not eligible to receive payments under the national program. The Environmental Quality Incentives Program (EQIP) Organic Initiative, administered by the Natural Resources Conservation Service, focuses a segment of EQIP funds on existing and transitioning organic producers and provides for funding and technical assistance to producers for new or expanded conservation efforts. The goal of the EQIP Organic Initiative is to enhance environmental protection.

There is no duplication between the cost share programs and EQIP as EQIP funds cannot be used to reimburse the costs associated with organic certification.

- 4) USDA plays a prominent role in bringing plants to market that deliver multiple benefits to farmers and consumers. It is important for USDA to maintain a leadership role in the biotechnology review process outlined in the coordinated framework between USDA, FDA & EPA. I appreciate that new products have been approved this year, but I am concerned about the overall length of time the process is taking. Please provide information on USDA's role in the coordinated framework and the timeframe for review of new biotechnology products. Do you anticipate any changes in the roles of USDA, EPA and FDA under the coordinated framework?

Response: We agree that USDA plays a leadership role and should continue to maintain this role in reviewing biotechnology products. As part of the Coordinated Framework for Regulation of Biotechnology – the Federal government's approach to providing for the safe use of biotechnology– USDA's APHIS administers a rigorous, science-based system of biotechnology regulations under the plant pest provisions of the Plant Protection Act (PPA). FDA has primary responsibility for ensuring the safety of food (including food for animals). EPA regulates pesticides to ensure public safety from the use of pesticides, including the residue of pesticides on food and animal feed. APHIS, EPA, and FDA enforce agency-specific regulations regarding products of biotechnology that are based on the specific nature of each GE organism. APHIS communicates with EPA and FDA quite regularly on biotech issues. Such communication occurs at both the staff level and the Agency leadership level.

I also appreciate your concern over the time it takes to review biotechnology products for determination of nonregulated status. We agree that the length of time it takes APHIS to

complete the petition process has increased dramatically and there are currently 26 petitions for non-regulated status before the Agency.

It is important to note that APHIS' biotechnology program is sound and has had many successes. Nevertheless, we face challenges in keeping up with the growing workload and the ability to make timely regulatory decisions. APHIS has found itself at the center of some complex and resource-draining lawsuits that have challenged its regulatory decisions, primarily by challenging the Agency's compliance with the National Environmental Policy Act (NEPA). APHIS has been subject to seven legal challenges in the last six years, involving a variety of GE products. To date, in each case where the plaintiff has been successful, the legal challenge has identified issues with the adequacy of the NEPA analysis, without addressing our science-based plant pest risk determinations.

Compliance with the NEPA process requires a large amount of time and attention from our scientific staff. These NEPA-related lawsuits have required thousands of work hours for response, and we face paying claims for millions of dollars in attorneys' fees from the plaintiffs' attorneys who litigated the original GE alfalfa and sugar beets cases. This has strained the organization's resources and has detracted from other pressing scientific and regulatory work.

In response to ongoing NEPA-related litigation, APHIS has improved its NEPA analyses and instituted a comprehensive review of the petition process, including how to improve efficiency. APHIS created a five-person NEPA team that provides dedicated analysis and support to the program. In addition, APHIS has hired contractors to assist in preparing NEPA documents. APHIS also initiated a two-year pilot program to improve the quality and efficiency (in both time and cost) of our NEPA analyses.

NEPA compliance is just one issue that affects the timeliness of the petition process for which we've implemented improvements. The Agency is taking other steps to improve the timeliness and predictability of the petition process. For example, we have begun supplementing in-house resources by awarding contracts for assistance with the analysis of the tens of thousands of public comments we receive on our published documents. We also recently initiated a petition process improvement effort. We are examining each step of the petition process, and identifying ways in which the process can be streamlined and improved, all while continuing to ensure the same vigorous, high-quality, science-based decision-making and oversight we have in the current system.

APHIS' efforts are bearing fruit. The Agency is on track to meet or exceed its target of publishing in the Federal Register four final determinations of non-regulated status for GE products this year, and to publish six petitions for non-regulated status with draft environmental assessments for public comment.

- 5) The Plant Pest and Disease Management and Disaster Prevention Program is widely supported by industry and currently oversubscribed. Can you provide us with further information about this program? How does this program benefit a state like Kansas? In

addition to the \$50 million of funding allocated for this program in FY11, Congress appropriated another \$248 million for pest and disease prevention, eradication, and mitigation. How does this program differ from the funding that Congress appropriates annually for pest and disease eradication and mitigation activities? Is there some duplication here that should be addressed, and if so, how do you recommend we address it?

Response: No, we do not believe that the Plant Pest and Disease Management and Disaster Prevention Program (Section 10201) of the Farm Bill is duplicative. Rather, the program supplements APHIS, State, Tribal, university, and other community partner efforts to address the devastating impacts that pests and diseases can have on specialty and traditional crops, forests, and trade. APHIS closely engages states and other partners in developing a spending plan each year, which has helped assure that funds address high priority needs. Section 10201 funding has enabled the Agency to work with its partners to strengthen the country's protections against pests and diseases by allowing for new and innovative projects that go beyond our appropriations-funded activities.

For example, both California and Florida have implemented detector dog programs. While U.S. Customs and Border Protection has a detector dog program to inspect international cargo and passengers that may carry in foreign threats, the projects in Section 10201 are addressing different threats in domestic mail facilities and air freight, which wouldn't receive this type of inspection otherwise. Through this Section 10201 project, for example, one dog team intercepted a bag in the Fresno Airport containing 10 Asian citrus psyllids that tested positive for citrus greening disease. Had they not detected these insects, they could have been released in Fresno, which is a major citrus-producing area.

Additionally, Section 10201 has enabled the Agency to make the final push in eradicating Plum pox, a devastating disease of stone fruits such as plums, apricots, cherries, and almonds, in Pennsylvania. Experts doubted the Agency's ability to eradicate the disease, and appropriated funding had not allowed for final eradication. However, with just a \$2 million influx from Section 10201, APHIS was able to fully eradicate the disease in Pennsylvania. If left unchecked, the establishment and unmitigated spread of Plum Pox virus in the United States could not only jeopardize the nearly \$1.4 billion U.S. stone fruit industry, but also diminish commercial nursery production and residential stone fruit yields and quality, as well.

Section 10201 addresses pest and disease issues beyond just specialty crops. For example, invasive forest pests have a significant and negative impact, not just on the trees they harm, but also on the overall ecosystem and nearby communities. To address this threat, in 2009 APHIS initiated a multi-state project designed to increase public awareness of invasive forest pests of concern to the United States. This successful initiative was initially focused in nine northeastern states and evolved as a result of federal and state forestry officials' concerns about the Asian longhorned beetle (ALB) infestation in Massachusetts and its potential impacts on urban and native forests in the region. A number of projects were carried under this forest pest outreach initiative,

including more than 90 train-the-trainer workshops to educate over 2,000 members of the public and industry on the signs and symptoms of forest pests of concern. Those volunteers then joined federal, state, and local officials to survey for pests in 35 high-risk areas.

Other projects address plant pests and diseases more broadly—to the benefit of all crops—such as a nationwide survey of honey bee pests and diseases, the monitoring of high-risk international and domestic pathways for invasive species, development of new tools to model the risk of pest introductions to the United States, and improving techniques for the detection of prohibited plants and invasive pests at ports-of-entry.

In the case of Kansas, the State has received over \$151,000 in Section 10201 funding, primarily for conducting pest surveys in nurseries for *Phytophthora ramorum* and for the walnut twig beetle and fungus that together are spreading thousand cankers disease. *Phytophthora ramorum* is a serious disease that kills oak trees and other tree species and impacts nursery production of certain plant species. Thousand cankers disease is causing the death of black walnuts primarily in the western United States. Additional funding has provided assistance to help train and prepare the State for rapid response to new pest invasions and mitigate the spread of these pests.

I would lastly like to mention that one key to protecting U.S. agriculture from pests and diseases is to ensure that we can detect those threats early, so we will have a better chance of success in stopping their spread or eradicating them. Section 10201 has allowed us to fund critical surveys to look for major pests and diseases of concern, so we can attack them early before they become well established. If left undetected, the discovery of an invasive plant pest or its vector in the United States could quickly escalate into a domestic and international quarantine, loss of market opportunities and costly mitigation and eradication interventions. Section 10201 allows APHIS to address emerging pest and disease outbreaks in those critical early stages, hopefully resulting in far less economic impact to growers and the communities who depend on them.

Senator Richard G. Lugar

- 1) In the 2008 farm bill, we amended the Farmers Market Promotion Program to include “agri-tourism promotion” as a category for eligible funding, and we provided \$33 million of mandatory funding for five years. During the hearing, you indicated that your agencies had provided competitive grants under this program. Could you provide additional information on the specific use of “agri-tourism promotion” under this program and identify any specific activities that utilized this new category?

Response: Agritourism projects within the FMPP represent one of the vanguards of agricultural enterprise by moving beyond the activities traditionally associated with direct, local agricultural marketing. Taking a more holistic approach to economic development – particularly in rural areas where entrepreneurial opportunities may be limited and agricultural lands are being lost at an exponential rate – agritourism offer a means for a community to leverage its collective resources for the benefit of all economic

stakeholders. These projects expose a new cadre of consumers to an area's agricultural history and products through farm tours and agriculturally oriented events (hayrides, cattle drives, 'u-pick' operations, etc.). Restaurants are capitalizing on the growing interest in locally-sourced products while supporting local growers, lodging purveyors are co-branding their venues with local and regional agriculture operations and events, and educational programming is providing the agricultural history and context to young people and the non-farming community. Leveraging an existing tourist base by bringing them 'out to the farm' or creating new visitor experiences are key to most of these projects.

One of the best examples within the FMPP portfolio is a project in southwestern Colorado (FY08) that capitalized on the area's unique cultural and agricultural history. Located near the Southern Ute reservation and Mesa Verde National Park (a UNESCO World Heritage Site), the local visitor's bureau undertook a system-wide marketing endeavor that connected the community, its natural resources, and agricultural history to promote a package of opportunities that brings income into the community and keeps visitors in the area longer through a diversity of experiences. For these project proponents, agritourism is more than just a way to move product – it is an opportunity connect people to their food system in way that sustains the local economy and preserves the area's environment and rich heritage.

Senator John Thune

- 1) I support expansion of farmer's markets and believe that all of us on this committee have family farming operations that could use marketing homegrown products through farmer's markets as an additional revenue source. However, a recent story in the Washington Post revealed the presence of Salmonella bacteria on raw chickens sold at a local farmer's market. What steps can USDA take to not only continue to expand farmer's markets across the country - yet ensure that the products sold at these markets are safe to eat?

Response: Farmers markets operate under the regulations of their particular state or locality, and are not regulated by the Agricultural Marketing Service. However, USDA holds food safety as the highest priority, and all businesses - big or small – are expected to achieve this standard. As part of their overall support of small farmers, AMS has sponsored food safety training for small farmers. The Farmers Market Promotion Program allows grant funds to be used for post-harvest handling and food safety training for market managers and vendors.

- 2) As we begin drafting the next farm bill, we all know that adequate funding is most likely going to be the greatest challenge. In your mission area, as in others, we will be looking at program redundancy and prioritization to ensure we wisely spend the money we have available. Do you have programs under the MRP portfolio that could be consolidated or eliminated – and would you be willing to provide this Committee with a list of those programs?

Response: At this time, we have not identified any MRP programs to be consolidated or eliminated. However, the Department stands ready to work with the Committee as you draft the next farm bill.

