Statement by

Thomas Vilsack

Secretary of Agriculture

Before the Senate Committee on Agriculture

May 7, 2014

Chairwoman Stabenow, Ranking Member Cochran, and Members of the Committee, I am pleased to provide an update on the U.S. Department of Agriculture's (USDA) progress in implementing the Agricultural Act of 2014 (2014 Farm Bill). First, I would like to take this opportunity to thank the Committee for its hard work in crafting this critical piece of legislation. The new farm bill allows the proud men and women of rural America who feed hundreds of millions around the world to invest confidently in the future and provides critical tools that support economic development and job creation in rural America. USDA has made its implementation a high priority.

The final results of the 2012 Census of Agriculture data, released last week, provide an important backdrop for this discussion. While the results reiterate what we have known for many years—that the farming population is aging—they also show growth in key areas. The number of young farmers has increased slightly. The number of minority farm and ranch principal operators increased dramatically, reflecting the changing face of America as a whole. The Census data also show that the number of very large farms held steady, but the middle—farms and ranches that are middle-sized and mid-income—has suffered in recent years.

We can and we must do more to support those living and working in rural America now, including a focus on assisting middle-sized farms, while creating the kind of jobs and opportunity that encourage young people to get into the business of farming, and attracting and retaining the next generation talent in rural America.

Working with community and local government partners, our efforts have had a significant impact thus far. We have invested billions in critical infrastructure, essential nutrition assistance, and land and water conservation. Moving forward, we must step up our efforts to invest in areas with high potential for growth, including expanding marketing opportunities for farm and ranch products both at home and abroad; investing in the emerging bioeconomy; advancing conservation efforts that preserve land and water resources; and supporting critical research that will prepare our farmers and ranchers to address modern challenges. The 2014 Farm Bill gives USDA new and enhanced tools to help accomplish this mission and build on these ongoing efforts in rural America.

The new farm bill, with 12 titles and more than 450 provisions, is a large piece of legislation and implementing it has required a coordinated effort across all areas of USDA. Immediately after enactment, USDA established a 2014 Farm Bill implementation team composed of key sub-cabinet officials and experts from every mission area of the Department to put new programs in place and make mandated reforms to existing programs. Since enactment, USDA has held 17 outreach and listening sessions, as well as additional stakeholder outreach activities at the agency level, to share information and hear from stakeholders on the implementation process. In the roughly 13 weeks since enactment, USDA has made significant progress to implement each provision of this critical legislation.

TITLE I: COMMODITY PROGRAMS

Farmers, ranchers and those working in supporting industries maintain an agriculture sector that has seen strong growth over the past five years. Agriculture accounts for about $746 billion in economic activity, supports one out of every twelve jobs in the economy, and helps to maintain vibrant, thriving rural communities. U.S. agriculture is expanding into new markets around the world, spurring innovation, and creating jobs and opportunity on and off the farm.

The future of rural America depends on the continued leadership of our farmers and ranchers, and we must make sure they have the tools they need to continue to grow, and a strong safety net to support them during tough times. In the roughly 13 weeks since the 2014 Farm Bill was signed into law, USDA has worked diligently to implement the programs in the commodity title.

In the face of recent historic drought throughout the United States, USDA has provided assistance to farmers, ranchers and rural communities, including commodity support programs to farmers who have suffered losses, conservation assistance, and grants to help rural communities improve access to fresh drinking water. The new farm bill reauthorizes disaster assistance programs that have not been operational since 2011, allowing USDA to provide additional, much-needed relief to struggling farmers and ranchers. At the direction of the President, USDA has made the disaster programs our number one priority and expedited the implementation of programs and getting assistance quickly out-the-door to producers.

I'm proud to say that on April 15, 2014, USDA began accepting applications for disaster assistance programs restored in the 2014 Farm Bill, including the Livestock Forage Disaster Program, the Livestock Indemnity Program, the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program, and the Tree Assistance Program. While it took a year to implement disaster relief programs after the last farm bill was passed in 2008, disaster programs were up and running in just 60 days this time around, thanks to hardworking Farm Service Agency (FSA) employees in more than 2,000 offices across the country.

I am happy to report that USDA received about 33,000 applications for these programs within the first two weeks of signup. Almost $20 million in payments have been issued to producers to assist in the financial recovery of the women and men invested in American agriculture. These disaster programs will not replace all of the losses farmers and ranchers faced, but it will provide some relief and help ensure that extreme weather won't cause families to lose the farm.

Over 95 percent of the applications received to date were for the Livestock Forage Program (LFP), which provides payments to eligible producers for grazing losses. The high number of applicants is no surprise considering the widespread, ongoing drought that has plagued livestock producers in many portions of the United States over the last several years. As of May 1, USDA has received 31,920 applications for LFP and producers have already been paid on nearly 80% of these applications.

USDA has also made progress on implementing other provisions under the commodity title. On March 28, 2014, USDA published Federal Register notices to extend the following programs: Marketing Assistance Loans; Milk Income Loss Contract; Dairy Indemnity Payment Program; Non-Insured Crop Disaster Assistance Program; and Sugar. On March 21, 2014, USDA published a final rule re-establishing the Dairy Forward Pricing Program. On March 28, 2014, USDA announced updated county and regional loan rates for certain commodities.

On May 22, USDA will announce the funding allocations for State-based extension services to educate producers on various program options and the awards for developing the web-based tools to help producers with decisions on the Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC), the Margin Protection Program for Dairy and Noninsured Crop Disaster Assistance Program buy-up.

Later this month FSA will begin publishing the initial benchmark prices for the ARC program and reference prices for the PLC program. FSA will update these monthly until the final date s published later in the year (final date varies by commodity).. USDA hopes to publicize the final program and the regulations for both ARC and PLC in the fall of 2014.

TITLE II: CONSERVATION

USDA's conservation efforts have enrolled a record number of acres in programs that have saved millions of tons of soil, improved water quality, preserved habitat for wildlife and protected sensitive ecological areas. To accomplish these goals, USDA has partnered with a record number of farmers, ranchers and landowners – more than 500,000 – on conservation projects since 2009. In addition to protecting cropland and critical habitats, conservation can help to boost local economies. For example, last year, conservation activities supported more than 660,500 jobs.

The new farm bill consolidates conservation programs, while still preserving the strong support for and success of USDA's conservation initiatives. NRCS has been accepting applications for the Conservation Stewardship Program (CSP) and the Environmental Quality Incentives Program (EQIP) – two of the Department's largest conservation programs and is currently processing more than 13,000 applications for CSP and 18,500 applications for EQIP with the goal of notifying producers on contract acceptance in late spring or early summer.

On May 1, USDA began accepting applications for the new farm bill Agricultural Conservation Easements Program (ACEP) and for the Voluntary Public Access and Habitat Incentive Program (VPA-HIP). USDA has made available up to $366 million for conservation easements under ACEP, which consolidated three former easement programs (the Farm and Ranch Land Protection Program, the Grassland Reserve Program and the Wetlands Reserve Program). This consolidation will make participation easier for farmers, ranchers and participating entities, as well as reduce administrative burden on our employees. Up to $20 million is available this year for VPA-HIP, a competitive grant program that enables state and Tribal governments to increase opportunities for owners and managers of private lands who want to make their land available for public recreation.

By early summer, USDA will designate critical conservation areas to focus assistance through the new Regional Conservation Partnership Program (RCPP), which combines four former conservation programs – the Agricultural Water Enhancement Program, the Chesapeake Bay Watershed Program, the Cooperative Conservation Partnership Initiative and the Great Lakes Basin Program—into one new program. With this new focus on regional conservation priorities USDA can maintain and strengthen existing regional initiatives while developing new priorities with partnership involvement. Like the easement program consolidation, the partnership program consolidation improves clarity regarding available resources and reduces administrative burden for both our customers and employees.

At the same time, USDA will also begin accepting partnership proposals for projects that support state and national priorities as well as priorities within the critical conservation areas. USDA is using a pre-proposal process to ensure interested parties have ample time to develop well-crafted proposals for RCPP. Applicants will have until mid-summer to submit pre-proposals. From those pre-proposals, a group of applicants will be invited to submit full proposals with a September deadline. USDA will announce selections and enter into agreements in time for fiscal year 2015 implementation.

The 2014 Farm Bill extended authority to enroll acreage in Conservation Reserve Program (CRP) through September 30, 2018 and requires enrollment to be no more than 24 million acres beginning October 1, 2016. The bill also requires that penalty-free "early-out" be offered to specific contract holders in FY 2015. There are 25.6 million acres are enrolled in CRP – 2.0 million which will expire on September 30, 2014. The Department is currently working through many questions regarding CRP signup and enrollment and expects to make additional information available later this spring.

TITLE III: TRADE

USDA is supporting America's farmers and ranchers as they build on record agricultural exports. In Calendar Year 2013, exports of U.S. food and agricultural products reached a record $144.1 billion[1] and supported nearly one million American jobs. We are on track for another exceptional export year in FY 2014, with shipments of farm and food products forecasted to reach $142.6 billion.

The potential for agricultural exports is considerable and USDA is already taking action to help producers secure and expand market access for American agricultural products. USDA has helped secure new agreements with Panama, Colombia and South Korea, which will generate new markets for U.S. farmers and ranchers to the tune of more than $2 billion per year in additional exports when the agreements are fully implemented. USDA has also helped to remove numerous barriers to trade. For example, since 2012, USDA, in partnership with the U.S. Trade Representative, has removed unwarranted restrictions to help farmers provide more U.S. apples to South Africa, beef to Japan, organic produce to the European Union, and more. In addition, over the past year, USDA, working closely with the U.S. potato industry, expanded market access for U.S. potatoes in the Philippines, Taiwan and Korea. As a result of the removal of trade barriers, potato exports to these three markets rose 13 percent from the previous year, reaching nearly $21 million.

Thanks to resources in the new farm bill, USDA is also able to continue funding for trade promotion and market expansion for U.S. agricultural products overseas. USDA has moved quickly to implement trade promotion programs reauthorized under the 2014 Farm Bill. Through the Market Access Program (MAP), USDA has provided $171.8 million in Fiscal Year 2014 funds to 62 nonprofit organizations and cooperatives to help build commercial export markets for U.S. agricultural products and commodities. Through the Foreign Market Development (FMD) Program, USDA has provided $24.6 million in Fiscal Year 2014 funds to 22 trade organizations to help create, expand, and maintain long-term export markets for U.S. agricultural products.

USDA also began accepting applications for Fiscal Year 2015 export development program funding on April 17, 2014. In addition to MAP and FMD programs, eligible organizations can apply for funding through the Quality Samples Program (QSP), Emerging Markets Program (EMP), and the Technical Assistance for Specialty Crops (TASC) Program, which includes the programmatic change under the 2014 Farm Bill to allow participants to address technical barriers to trade regardless of whether they are related to a sanitary or phytosanitary barrier.

TITLE IV: NUTRITION

The Supplemental Nutrition Assistance Program (SNAP) provisions of the 2014 Farm Bill preserve the fundamental structure of the program, invest in helping SNAP participants move to

[1] Figure reflects domestic exports and does not include re-exports.

self-sufficiency, strengthen program integrity efforts, continue to modernize the program through technology, and emphasize the importance of good nutrition through enhanced retailer standards and grants for incentives that help SNAP participants stretch their dollars further to buy fruits and vegetables.

SNAP helps millions of hardworking families put healthy food on the table as they get back on their feet. More than half of SNAP recipients are children and the elderly, and only 7% receive cash welfare. Among SNAP households with at least one working-age, non-disabled adult, more than half work – and more than 80 percent work in the year before or after receiving SNAP. A stronger economy appears to be helping slow and reverse the trend of rising participation in the Supplemental Nutrition Assistance Program. Comparing January 2014 with January 2013, participation decreased 2.6 percent or by approximately 1.2 million people.

USDA employment and training programs for SNAP recipients are intended to help move people off of SNAP in the right way—by helping recipients build their skills and matching them with good paying jobs they need to be able to move off the program. The new farm bill supplements existing efforts with $200 million for USDA to partner with states to operate innovative work-related pilot projects designed to help SNAP participants prepare for, connect to, and maintain employment. The pilot projects will be designed to increase the number of work registrants who obtain employment, increase their earned income, and move toward self-sufficiency.

USDA has met with its federal counterparts at the Department of Education and Department of Labor, as well as leaders from states with robust employment and training programs already in place, to gather information that will help formulate the request to states for pilot project proposals. USDA is on schedule to release the request for proposals by late summer.

The new farm bill builds on USDA's ongoing efforts to root out any waste, fraud, and abuse from the program, protect the taxpayer investment in SNAP and make sure that the program is there for those who truly need it. In fiscal year 2012, SNAP achieved a record level of payment accuracy of 96.58 percent. Payment errors in fiscal year 2012 were almost 62 percent lower than they were in FY 2000, among the lowest in the federal government. USDA efforts have also resulted in a significant reduction in trafficking – the exchange of SNAP benefits for cash – which was estimated to be as high as 4 percent 15 years ago, down to just 1.3 percent today.

USDA has moved quickly to implement several major provisions of the 2014 Farm Bill. On March 5, 2014, USDA released a memorandum to state agencies, advising them of the elimination of standard utility allowances in SNAP for Low-Income Home Energy Assistance Program (LIHEAP) payments of less than $20. CBO estimates that this will impact about 4 percent of SNAP households each year, primarily in the District of Columbia and 16 states that had adopted policies to provide nominal LIHEAP payments to some SNAP households.

USDA has also issued guidance to state agencies advising them of SNAP-related provisions in the new farm bill related to improving program integrity, and guidance regarding the requirement that state and local agencies begin phasing out the participation of women, infants and children in the Commodity Supplemental Food Program. USDA continues to work closely with States to provide technical assistance and answer questions as they implement these provisions.

In addition, on April 7, USDA released a Request for Applications to all state agencies for the Fresh Fruit and Vegetable Program (FFVP) pilot authorized under the new farm bill. The pilot will operate in at least five states during school year 2014-2015, and allow schools in the FFVP in selected States to serve non-fresh forms of fruits and vegetables through the FFVP. There will also be an evaluation of the pilot. Applications are due by June 15, 2014.

In addition, I am pleased that the Farm Bill took steps to improve access to affordable, healthy foods in underserved communities by authorizing USDA to provide funding to communities and food retailers through the Healthy Food Financing Initiative (HFFI). Building on existing programs in Treasury and HHS, the President's Budget requested $13 million to support these activities in FY 2015, which would represent a 50 percent increase government-wide in funding compared to 2014.

TITLE V: CREDIT

The 2012 Census of Agriculture data indicate there is tremendous growth potential for small and mid-sized producers, but many need additional support in order to become competitive. Accordingly, USDA has expanded efforts to connect small- and mid-sized farmers and ranchers with tools and resources to help them access capital, get information about land management and conservation practices, manage risk, find local markets, and other educational resources that will help them grow their operations and expand into new markets. The new farm bill expands lending opportunities for thousands of farmers and ranchers to begin and continue operations, including greater flexibility in determining eligibility, raising loan limits, and emphasizing beginning and socially disadvantaged producers.

USDA has acted quickly to implement changes to Farm Loan Programs, including, among other things, eliminating loan term limits for guaranteed operating loans; modifying the definition of beginning farmers; allowing debt forgiveness on youth loans; and increasing the guaranteed amount on conservation loans from 75 to 80 percent and 90 percent for socially disadvantaged borrowers and beginning farmers. USDA also implemented changes in the interest rate on Direct Farm Ownership loans that are made in conjunction with other lenders and increased the maximum loan amount for the down payment loan program from $225,000 to $300,000. On March 25, 2014, FSA issued an agency directive implementing non-discretionary microloan provisions.

TITLE VI: RURAL DEVELOPMENT

USDA has made strategic investments in infrastructure, housing and community facilities to help improve quality of life in rural America. Since 2009, USDA has helped more than 800,000 families buy, repair or refinance a home; extended new or improved broadband service for more than 7 million Americans and 364,000 rural businesses; improved or constructed more than 90,000 miles of electric line; invested in approximately 6,800 water and wastewater projects for nearly 20 million Americans; and provided grants and loans to assist nearly 75,000 small and mid-sized businesses in rural America, creating or saving an estimated 377,000 jobs.

Even as we make these investments, rural America continues to face a unique set of challenges when it comes to combating poverty. While poverty is not limited to rural America, nearly 85 percent of persistent poverty counties are located in rural areas. In fact, one-third of rural counties have child poverty rates of over 30 percent, at a time when research increasingly demonstrates the negative effect of poverty on child development and educational attainment. We must do more to create better futures for our children and families and those striving to reach the middle class.

New tools provided in the 2014 Farm Bill will allow USDA to build on its investments in the prosperity of rural communities. On April 22, 2014, USDA awarded $150 million in grants, plus an additional $237 million in loans and grants through the Water and Environmental Program, to 116 projects in 40 states and the Commonwealth of Puerto Rico to improve water and wastewater services and ensure that rural communities have access to reliable, clean and safe water. These awards go predominantly to very small, remote, and poor places. USDA has also issued guidance to Rural Development State Directors, field staff and stakeholders on implementing new eligibility requirements regarding the definition of rural housing.

USDA has also acted quickly to implement key new farm bill provisions that invest in rural businesses and critical infrastructure in order to strengthen rural communities and build on its rural development initiatives. In late March, USDA published a notice in the Federal Register extending the application period for Fiscal Year 2013 and 2014 funding for the Value Added Producer Grant program to take into account program changes, with up to $25.5 million available to help agricultural producers generate new products, create and expand marketing opportunities, and increase income. The application period has since closed, and USDA expects to award the grants in late summer.

The new farm bill streamlines the Rural Business Opportunity Grant (RBOG) program and Rural Business Enterprise Grants (RBEG) program to create a new Rural Business Development Grant Program with all the same authorities as the previous two programs. This fiscal year, USDA will run RBOG and RBEG as separate programs and in fiscal year 2015, will issue a final rule establishing the new Rural Business Grant Program. On April 30, USDA made available approximately $1.4 million through the RBOG program and grants totaling $750,000 for two projects through the RBEG program.

TITLE VII: RESEARCH AND RELATED MATTERS

Scientific breakthroughs have helped our farmers, ranchers and growers increase production on the same amounts of land, using fewer inputs. Studies have shown that every dollar invested in agricultural research returns up to $20 to the economy..

In the past five years alone, research by USDA scientists has led to over 600 patent applications covering a wide range of topics and discoveries. USDA also continues to aggressively partner with private companies, universities and others to transfer technology to the marketplace to benefit consumers and stakeholders. In fiscal year 2013 alone USDA received 51 patents, filed 147 patent applications, and disclosed 180 new inventions. Helping drive these innovations, USDA also had 259 active Cooperative Research and Development Agreements with outside investigators, which includes universities and other organizations, including 117 with small businesses.

The research provisions of the 2014 Farm Bill focus on investments at colleges and universities throughout the United States, with an emphasis on Land-Grant institutions. The legislation provides new or expanded investments in research critical for the success of beginning farmers and ranchers, specialty crop producers, and organic producers.

On April 11, 2014, USDA announced the availability of more than $19 million in grants to help train, education and enhance the sustainability of the next generation of agricultural producers through the Beginning Farmer and Rancher Development Program (BFRDP). USDA will competitively award these grants after the application period closes in mid-June. Priority will be given to projects that are partnerships and collaborations led by or including non-governmental, community-based, or school-based agricultural educational organizations. To date, more than 50,000 beginning farmers and ranchers have participated in projects funded by BFRDP.

USDA has also announced the availability of approximately $20 million through the Organic Agriculture Research and Extension Initiative to fund projects that will help solve critical organic agriculture issues, address priorities within the sector, and research to enhance the ability of organic producers and processors to grow and market their products. Project proposals are due by May 8, 2014, with funding to be provided later this year. USDA has also announced an estimated $76.8 million for projects through the Specialty Crop Research Initiative to solve the needs of the various specialty crop industries through the promotion of collaboration, open communication, the exchange of information, and the development of resources that accelerate application of scientific discovery and technology.

As required by the new farm bill, a portion of this funding will be reserved for citrus disease research. In addition, the National Agricultural Research, Extension, Education, and Economics

Advisory Board has collected nominations for the newly-formed Citrus Disease Subcommittee, as established under the new farm bill, with notification to selected candidates to be made in the coming weeks.

USDA has also made progress towards establishing the Foundation for Food and Agricultural Research (FFAR) created in the 2014 Farm Bill. Letters soliciting nominations to the FFAR Board were mailed to interested parties and USDA has published a Federal Register Notice soliciting nominations from industry groups to fill 7 of the 15 vacancies on the FFAR Board. The National Academy of Sciences solicited nominations for the other 8 vacancies through a separate process. The deadline for submitting nominations by industry groups closed on April 28, 2014, and USDA has received more than 200 nominations. USDA will move quickly to select FFAR Board members.

TITLE VIII: FORESTRY

Under the new farm bill, the Forest Service is provided greater tools to maintain the nation's forests and grasslands, including permanent stewardship contracting and Good Neighbor authorities, and provisions to aid efficient planning and implementation of landscape scale projects that reduce insect, disease and fire risks. These tools give the agency increased ability to work collaboratively with states, Tribes and a wide range of citizens and stakeholders to accomplish critical forest and watershed restoration work and conserve the nation's forests and grasslands.

USDA is in the process of implementing key provisions related to the forestry title. On March 19, 2014, Forest Service Chief Tom Tidwell sent a letter to all state governors notifying them of the opportunity to submit requests for designating their priority insect and disease areas for treatment. Thirty-five states have submitted requests, and we will announce designations by early summer.

TITLE IX: ENERGY

New opportunities in advanced biobased products and renewable energy expand the potential to strengthen rural manufacturing, particularly of products made from renewable materials from our farms and forests. Rural America desperately needs those jobs, and every American benefits from our expanded competitiveness in this globally emerging market.

USDA is helping to create markets for advanced biofuels from non-food, non-feed sources - from the farm field to the end user. In 2010, USDA established a program to incentivize hundreds of growers and landowners farming nearly 60,000 acres of advanced biofuel feedstocks for energy conversion facilities. To ensure those feedstocks are put to use, USDA has invested in the work needed to create advanced biofuels refineries. Since 2009, USDA has invested in efforts to create 9 new advanced refineries nationwide. We have also created six regional research centers across America to develop advanced biobased energy technology that's appropriate to every region. With the nearly $900 million in mandatory money provided in the Energy Title of the 2014 Farm Bill, we can continue these efforts to expand the biobased economy and support economic development opportunities in rural America.

The new farm bill makes significant investments in the bioeconomy and renewable energy programs. The legislation preserves the Rural Energy for America Program (REAP), which provides critical investments in renewable energy and energy efficiency across rural America, helping to reduce our dependence on foreign oil. During the week of May 5, USDA will make available $12.4 million in grants funds and $57.8 million in loan guarantees through REAP.

Also on track for this year is implementation of the Biomass Crop Assistance Program, the Biorefinery Assistance Program, and the Biobased Markets Program. All of these programs help support continued growth of the entire supply chain that supports our bioeconomy.

TITLE X: HORTICULTURE

Industry estimates valued local food sales at $7 billion in 2011, and groups like the National Restaurant Association and the National Grocers Association have called local food a top industry trend every year since then. Perhaps more important for USDA's mission, our research shows that money spent on local food continues to circulate locally, creating demand for other businesses and services in rural communities. As such, this strategy is a critical piece of USDA's work to support rural economies more generally.

With the release of the Census of Agriculture results last week, USDA learned that nearly 150,000 farmers and ranchers nationwide are selling their products directly to consumers, and 50,000 are selling to local retailers. They're tapping in to growing consumer demand for locally-grown food; consumers want to support their local economy when they purchase food, whether that's at a farmers market, a grocery store, or their workplace cafeteria.

Direct-to-consumer sales like those that take place at a farmers market help consumers connect with the source of their food and learn more about agriculture. Today, we have more than 8,100 farmers markets registered with the AMS National Farmers Market Directory. But this economic sector is more than that. As it matures, it is opening opportunities for farms of all sizes, especially midsized farms, to supply larger-volume buyers like local retailers. USDA has invested in local food infrastructure - from cold storage facilities, to processing plants, to food hubs that aggregate and distribute local products - and has helped facilitate new market access for these producers.

The 2014 Farm Bill continues to build on programs established in the 2008 Farm Bill to promote local and regional food systems and support specialty crop and organic agriculture. On April 17, USDA provided $66 million in Specialty Crop Block Grants to state departments of agriculture for projects that help support specialty crop growers, including locally grown fruits and vegetables, through research and programs to increase demand. As directed by the farm bill, the block grants were allocated to U.S. States and territories based on a formula that took into consideration both specialty crop acreage and production value. Nearly all states saw an increase in funds.

Later this week, USDA will announce the availability of approximately $30 million in competitive grant funds for projects that support local and regional food systems. The Farmers Market Promotion Program (FMPP) makes available $15 million for projects that establish, expand, and promote direct producer-to-consumer market opportunities; and the Local Food Promotion Program (LFPP) makes available $15 million for planning or implementing project(s) designed to assist in the development, improvement, and/or expansion of local and regional food business enterprises that process, distribute, aggregate, and store locally or regionally produced food products. As directed by the 2014 Farm Bill, priority will be given to projects that benefit underserved communities, including those that are located in areas of concentrated poverty with limited access to fresh locally or regionally grown foods.

In order to help prevent the introduction or spread of plant pests and diseases that threaten America's agriculture economy and the environment, USDA allocated $48.1 million to 383 projects in 49 states, Guam and Puerto Rico through the Plant Pest and Disease Management and Disaster Prevention Program. The projects approved for allocation will help states and other partners continue providing and strengthening protections against agricultural threats and could also allow the reallocation of resources to other critical programs. In addition, on March 24, USDA announced a Request for Applications for $5 million available through the National Clean Plant Network cooperative agreements program.

As required by the new farm bill, USDA has also published an interim final rule and request for comments on an amendment to regulations under the Export Apple Act to allow bulk containers of apples to be shipped to Canada without U.S. inspection.

TITLE XI: CROP INSURANCE

The crop insurance program has become an increasingly important component of the farm safety net, and crop insurance protections for all farmers, particularly beginning farmers and ranchers, have been strengthened under the new farm bill. USDA is in the process of implementing the key provisions of the 2014 Farm Bill for the 2015 crop year. During the first week of April, USDA took a first step by issuing actuarial documents to revise the premium rates charged for CAT coverage to be based on the average historical "loss ratio" plus a reasonable reserve. In addition, RMA implemented the prohibition for CAT coverage to be available for crops or grasses used for grazing.

TITLE XII: MISCELLANEOUS

On March 14, 2014, USDA's Food Safety and Inspection Service submitted the first status report to Congress on the development of the final rule establishing a catfish inspection program. On April 30, USDA and FDA signed a Memorandum of Understanding intended to improve interagency cooperation on food safety and fraud prevention and to maximize the effectiveness of personnel and resources related to examination and inspection of catfish. By the end of May, USDA will be prepared to send a final rule establishing a catfish inspection program to the Office of Management and Budget.

CONCLUSION

Again, thank you for this opportunity to update you on USDA's progress to implement the 2014 Farm Bill. Farmers, ranchers, rural communities and other USDA stakeholders have waited several years for this legislation, and USDA has made implementation of the bill a high priority.

I am pleased to say that in just a short period of time, important progress has been made on every title, including updates to risk management tools, modifications to farm loan programs, announcements regarding available funds for agricultural research and much more. Moving forward, USDA staff and I will continue to engage with Members of Congress and stakeholders during the implementation process and as we continue to carry out critical mission of serving America's farmers, ranchers and rural communities.