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MEMORANDUM

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**TO:** Cornerstone Clients  
**FROM:** Cornerstone Government Affairs  
**SUBJECT:** Senate Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Hearing: “Fiscal Year 2022 Budget Request for the U.S. Department of Agriculture”  
**DATE:**  
**WEBCAST:** [Link](#)

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On Tuesday, June 15, the Senate Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies held a hearing to discuss the F.Y. 2022 budget request for the U.S. Department of Agriculture (USDA). USDA Secretary Tom Vilsack and committee members focused on ways in which USDA can address climate change and severe weather events, highlighted agriculture research and relief initiatives, and outlined a number of efforts to fight food and nutrient insecurity, water and air contamination, and cyber-attacks.

**Witnesses**

- *The Honorable Tom Vilsack* – Secretary, U.S. Department of Agriculture – [Testimony](#)
- *Mr. John Rapp* – Acting Director, Office of Budget and Program Analysis U.S. Department of Agriculture

**Members in Attendance**

Chairwoman Tammy Baldwin (D-WI), Sen. Jeff Merkley (D-OR), Sen. Jon Tester (D-MT), Sen. Patrick Leahy (D-VT), Sen. Martin Heinrich (D-NM), Ranking Member John Hoeven (R-ND), Sen. Susan Collins (R-ME), Sen. Jerry Moran (R-KS), Sen. Cindy Hyde-Smith (R-MS), Sen. Mike Braun (R-IN)

**Key Themes**

Addressing Climate Change and Severe Weather

In her opening statement, Chairwoman Baldwin stated that she was pleased that the F.Y. 2022 budget focused on addressing climate change and finding ways to coordinate climate activities across USDA. She asked how increased funding for the USDA Climate Hubs would provide more opportunities for American farmers and forest landowners. Sec. Vilsack explained that the increased funds would help develop larger scale strategies to adapt to and mitigate the effects of a changing climate. Chairwoman Baldwin also asked about the Civilian Climate Corps (CCC). Sec. Vilsack explained how the CCC would give USDA greater capacity to extend assistance to rural areas and embrace expansion in urban agricultural centers. Ranking Member Hoeven thanked the Secretary for distributing the full assistance provided by the Quality Loss Adjustment Program and assistance at the 90% level of the Wildfire and Hurricane Indemnity Program Plus (WHIP+) Program.

Sen. Merkley focused on current droughts in the west, and he asked whether Sec. Vilsack supports investing in the Watershed and Flood Prevention Operations (WFPO) Program. Sec. Vilsack emphasized the importance of the program and responded that the program is allotted \$100 million in the budget. Sen. Merkley also expressed his thanks for USDA’s support for the farmers and ranchers affected by the lack of water in the Klamath Basin. Sec. Vilsack explained that USDA allotted \$15 million in assistance to farmers who were encouraged not to plant and that the Natural Resources Conservation Service’s (NRCS) Environmental Quality Incentives Program (EQIP)

has funding that could also be used for drought adaptation strategies. Sen. Merkley also underscored the importance of the Columbia Basic Agricultural Research Center. He asked for an update on the Agricultural Research Service (ARS) capital investment strategy, and for USDA to look specifically into the Pendleton station. Sec. Vilsack explained that USDA has consistently expended over \$1 billion a year to upgrade its more than 90 facilities but emphasized that the Department needs more resources than could be provided by the committee in a single budget year, such as the type of funding that would be provided by the American Jobs Plan. Sen. Heinrich asked what USDA was doing in the future to ensure that drought-impacted acequia irrigated lands would remain eligible for Noninsured Crop Disaster Assistance Program (NAP) payments. Sen. Heinrich also highlighted his Agricultural Resilience Act.

Sen. Collins discussed the issue of per- and polyfluoroalkyl substances (PFAS) contamination in family farms. She asked the Secretary to look at whether funding is sufficient for farmers who have been directed to remove their milk from the commercial market on account of PFAS contamination. Sec. Vilsack explained that in the past USDA has been providing indemnity for the milk, but that they are now looking at indemnifying the cows themselves to provide greater relief for farmers. Sen. Heinrich asked what USDA has done to address chronic wasting disease (CWD) outbreaks caused by captive breeding facilities and urged Sec. Vilsack to consider convening an emergency meeting of the CWD interagency task force.

Sen. Hyde-Smith discussed recent flooding in Mississippi that has destroyed crops and asked for a commitment to ensure that the USDA will aid farmers in a quick recovery. She also highlighted USDA programs that help communities respond to and prepare for natural disasters and asked where funding might be available to provide farmers with short term relief. Sec. Vilsack explained that most programs that provide short-term relief have very little unobligated money remaining, but that USDA will make use of the Farm Service Agency (FSA) disaster assistance programs and the Emergency Watershed Protection (EWP) Program. Sec. Vilsack also underscored the need to rethink the structure and flexibility of existing programs in light of the increase in natural disasters due to climate change.

Sen. Hoeven asked how to ensure that CO2 efforts are farmer-friendly and do not include a one-size-fits-all approach or mandatory requirements. Sen. Vilsack identified issues with the current carbon markets and stated his agreement that a redesigned carbon market cannot take a one-size-fits-all approach, cannot be mandatory, and cannot reward latecomers at the expense of early adopters.

#### Food Insecurity Funding

Sec. Vilsack, in his opening statement, highlighted USDA's focus on fully funding the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and expanding summer Electronic Benefits Transfer (EBT) programs, while also making sure that those programs incorporate nutrition elements.

Chairwoman Baldwin stated that she was pleased to see USDA withdraw the SNAP Broad-Based Categorical Eligibility (BBCE) requirements this week. Chairwoman Baldwin also asked for an update on the reevaluation of the Thrifty Food Plan (TFP) that is mandated by 2022. Sec. Vilsack explained that this is the first time in 45 years that the fundamental basis of the SNAP program has been reviewed and that he anticipates that USDA will provide more information later this summer.

Sen. Moran expressed concern that the budget doesn't reflect the importance of the Food for Peace program and asked why funding for the program was reduced. Sec. Vilsack explained that there was a corresponding increase in the U.S. Agency for International Development (USAID) budget, which will allow for the U.S. to more

quickly get help to people. Sen. Moran reiterated his disappointment in the reduction in spending on Food for Peace and also highlighted his belief that the Bill Emerson Humanitarian Trust (BEHT) is being underused in the fight against global hunger.

#### Research and Relief Initiatives

One point of discussion was research and relief for the dairy industry. Sen. Baldwin highlighted the important role that the Dairy Business Innovation (DBI) Initiatives have played in the Wisconsin dairy industry and stated that she was surprised that the budget proposed opening the scope of these initiatives beyond the dairy industry. She asked Sec. Vilsack to commit to preserving the success of these initiatives by maintaining their focus and research on the dairy industry. Sec. Vilsack explained that DBI initiatives were expanded because USDA believes other agriculture sectors would benefit from the approach, and he stated that there are additional resources that could be provided for the dairy industry through the Build Back Better Plan. Sen. Leahy asked for an update on USDA initiatives aimed at helping small and mid-sized dairy farmers. Sec. Vilsack explained that USDA just announced assistance for dairy farmers in three areas: a dairy donation program, increased supplemental margin coverage payments, and a program to help reduce the differentials that occurred between Class I and Class III milk pricing, because of a disproportionate number of purchases of cheese during the Farmers to Families Food Box Program.

Sen. Collins highlighted the past successes of the Potato Breeding Research Program and expressed concern that the proposed budget targets the program for elimination. Sec. Vilsack explained that the program is not necessarily targeted for elimination since there has been an increase in the number of competitive grant programs in USDA dedicated for research. He stated that researchers could apply to be part of the Agriculture and Food Research Initiative (AFRI) as well as the Specialty Crop Research Initiative (SCRI). He emphasized that USDA is looking for ways to try and blend its support of research into its competitive structure rather than specifically earmarking certain research programs.

Sen. Tester asked whether USDA has considered allocating some of its funding to set up a revolving loan fund with low-interest loans to try and increase the ability of small food plants to compete in the marketplace. Sec. Vilsack stated that he has considered doing so and that USDA will begin the process of identifying how much they can commit to the program this summer. Sen. Collins expressed frustration that USDA has not yet distributed \$200 million in assistance for timber harvesters and haulers from the COVID-19 relief package passed in December. She asked if it would be possible to implement the program more quickly than the current 60-day timeline. Sec. Vilsack stated that USDA is moving as quickly as possible.

Ranking Member Hoeven expressed his support for land-grant universities. He highlighted the fact that applications will be opening for the Rural Innovations Stronger Economy (RISE) Program and encouraged USDA to keep RISE Program funding moving quickly.

#### Budget Changes and Other Programs

Sec. Vilsack along with several committee members discussed budget increases to hire more USDA staff. The Secretary stated that USDA has seen a significant reduction in staff and that it is crucial for Department morale and productivity to accelerate staffing.

Several members discussed the importance of market transparency in the livestock, meat, and poultry industries, including Ranking Member Hoeven, Sen. Tester, Sen. Moran, and Sen. Hyde-Smith. Ranking Member Hoeven stated that cattlemen need to receive more support. He pushed for more pricing transparency,

competition, and access to processing capacity. Sec. Vilsack underscored the important of price discovery, and he stated that one way of getting more robust price discovery is increasing processing capacity. Sen. Tester highlighted a bill, [S.2036](#), he introduced with Sen. Grassley (R-IA) and Sen. Rounds (R-SD) to create a special investigator under the Packers and Stockyard Act (P&S Act). Sec. Vilsack expressed his support for the proposal and the need for the P&S Act to be strengthened so that it is clear about what constitutes an undue preference, an unfair practice, and what competition standards need to be reached.

Sen. Moran highlighted the \$10 million budget increase for the National Agricultural Statistics Service (NASS), and stated that it is important for that additional funding to be spent on continuing to modernize NASS's data collection and evaluation efforts. Sen. Merkley expressed that he was happy to see that the budget includes a \$10 million increase in funds for the Rural Energy Savings Program (RESP). Sen. Braun expressed concerns about the 14% increase in the USDA's budget request relative to the 2-3% growth in the U.S. economy. Sec. Vilsack explained that the increase is an adjustment for the many years that the USDA did not receive needed increases.

Sen. Braun asked how the concentration of suppliers in the agricultural sector might increase the cost of variable inputs for farmers. Sec. Vilsack stated that he is concerned that almost 90% of farms today do not generate the majority of income for the farm families that operate them and expressed a desire to review whether input costs are reasonable.

Sen. Tester asked what action has been taken to protect the food industry from cyberattacks following the attack on JBS. Sec. Vilsack stated that USDA wants to convene food groups so that they understand the steps that need to be taken to harden their systems.

Chairwoman Baldwin asked how the USDA's budget addresses expansion of broadband access in rural America. Sec. Vilsack highlighted the USDA's traditional broadband program and its ReConnect Loan and Grant Program, but he also emphasized that Congress needs to allocate considerably more funds to support the effort to increase broadband access to make sure that all citizens have access to high-speed internet.

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