

August 20, 2018

ANALYSIS OF H.R. 2 – The Agriculture Improvement Act of 2018

Below is a summary of key provisions within the farm bill that are important to the University of Florida and the Institute of Food and Agricultural Sciences (IFAS). Please let us know if you would like any additional information or further explanation of these or other provisions in the farm bill.

SNAP Nutrition Education (SNAP-Ed)

Sec. 4033 SNAP-Ed – The House bill includes comprehensive reform of the SNAP-Ed and the Expanded Food and Nutrition Education (EFNEP) programs. It increases funding from \$421 million in fiscal 2018 to \$485 million in fiscal 2019, then indexes it for inflation. It changes the funding structure of state allocations by basing it on the state SNAP-eligible population only, no longer on a combination of 50 percent of the state’s SNAP eligible population and 50 percent on the state’s funding levels received in fiscal year 2009. It authorizes consolidation of the EFNEP and SNAP-Ed programs into one nutrition education program for low-income Americans and shifts program operation from state agencies to land grant universities. It also restricts administrative funding for eligible institutions to 10 percent and requires institutions to provide employment and training of professional and paraprofessional aides from the target population to provide direct nutrition education. The Senate maintains current mandatory funding levels with no reforms.

Recommendation: **We support the House language and urge the conferees to keep the proposed reforms of the SNAP-Ed and EFNEP programs.**

The University of Florida Institute of Food and Agricultural Sciences (UF/IFAS) Extension is currently the state of Florida’s only SNAP-Ed implementing agency and one of two land grant universities that implement EFNEP in Florida.

SNAP-Ed in Florida funds provide nutrition education to SNAP-eligible Floridians of all ages through its programs with UF/IFAS Extension Family Nutrition Program (FNP). FNP implements direct education in 44 counties in Florida. It is a complementary use of policy, systems, and environmental approaches to help make the healthy choice the easy choice. For example FNP teaches children the importance of eating fruits and vegetables in the classroom, installs gardens on school grounds, teach children how to grow the fruits and vegetables, provides tastes tests, and sends the fruits and vegetables home with the children making sure to change the environment in which they learn to support healthier choices.

Despite having the third largest SNAP-recipient population after California and Texas, Florida is historically underserved by the current funding formulas. Under the current formula, which is based on a combination of both historic funding levels and the SNAP-recipient population, California will receive \$99.2 million, Texas \$24.2 million and Florida \$19.3 million. **The House proposed change in the funding structure to reflect only the SNAP-eligible population would double Florida’s funding to \$38 million and more fairly support the population the program was created to serve.**

Distributing funds directly to the land grant universities would help to avoid issues at the state level that have hindered access to the federal funds allotted for low-income Floridians across the state. For FY 2019 the federal allocation for Florida is \$19.3 million to serve 6.7 million SNAP-eligible individuals (33.6% of the Florida population). Unfortunately, restrictions placed on access to these funds by the state agency, currently only allow Florida to utilize \$10.5 million of these dollars. This leaves almost \$9 million on the table that must be returned to the USDA if not used within two years.

While **we ask the conferees to support the funding changes**, we do **urge them to strike the proposed cap on administrative costs**, which are real and necessary costs to deliver the program. Without adequate funds, it is difficult to pay for the administrative burden of running such a large program, as well as the cost of almost 200 employees across the state.

The 2017 Florida SNAP-Ed Impact report can be found at the following link: https://issuu.com/uf-ifas-extension-fnp/docs/2017_snap_ed_impact_report_fnp

Extension Services

Section 6003 and Section 7511 – Farm and Ranch Stress Assistance Network – The House and Senate bills both authorize \$10 million each fiscal year beginning in 2019 through FY 2023 for the Farm and Ranch Stress Assistance Network. This network provides stress assistance programs to individuals who are engaged in farming, ranching, and other agriculture-related occupations. Both bills require new reporting requirements for oversight and evaluation. Section 7511 of the Senate bill expands the eligible recipients from state extension programs to also include a state department of agriculture, qualified nonprofit organization, and an entity providing services deemed by the Secretary in 1 or more states, or a partnership by two or more of the entities described.

Veterinary Medicine

Section 7105 – Veterinary Services Grant Program (VSGP) – The purpose of the VSGP is to relieve the veterinarian shortage. VSGP supports veterinary services through competitively awarded grants for education, training, recruitment, placement, and retention of veterinarians and veterinary workers. It also provides grants to expand veterinary practices in rural areas. The Senate bill expands the eligibility for grants to include high school programs. The Senate also directs the USDA Secretary to award not less than two-thirds of amounts available for grants under this section to qualified entities with a focus on the food animal medicine. The House bill does not propose changes to VSGP.

Recommendation: **We recommend the conferees remove the Senate language and continue the existing authorization for the Veterinary Services Grant program.** The Senate’s proposed expansion of the VSGP grants to include high schools is not supported by veterinary groups and there is concern that it could be further expanded to include middle school and junior high school programs, making less funding available for areas of critical need. The language stipulating two-thirds of the funds for food animal medicine does not state who would be eligible for the remaining one third of the funds. There is concern that some of the remaining funds may be given to groups that are not supportive of animal research.

Indirect Costs

Section 7120 – Limitation on Indirect Costs – The House raises the cap on indirect cost recovery from 22 percent to 30 percent. There is no analogous Senate provision.

Recommendation: **We support the House language raising the cap on Indirect Costs to 30 percent.** These funds are essential to our ability to maintain the functionality of our buildings and our ability to do research on which our nation’s food supply depends. The costs included under the cap cover the costs for: providing computers, equipment, vehicles, air conditioning, heat, security, hazardous waste disposal, library services and legal compliance expenses. There are also many other expenses which are all necessary components of our research capability, but cannot be specifically tied to the deliverable of a specific research project. Recent examples include a plant science quarantine facility, renovation of research labs for faculty, replaced dairy unit irrigation system, and renovation of greenhouses.

High-Risk Research

Sec. 7128 – Agriculture Advanced R&D Pilot Program – The Senate bill authorizes \$50 million to establish a pilot program to overcome long-term and high-risk research challenges in agriculture. The Pilot Project also targets acceleration of novel, early stage innovative agricultural research with promising technology applications and products. It also supports the development of qualified products and projects, agricultural technologies, or innovative research tools. This includes veterinary diagnostic technology for intentional or unintentional biological threats.

Recommendation: **We recommend the conferees retain the Senate language.** UF is developing a new Institute for Comparative Veterinary Diagnostics that will be competitive for funding through this pilot program. The need for new diagnostic capabilities are vital to protecting Florida’s large volume of trade and tourism, our fragile ecosystems, and our vulnerability to disease and pests after natural disasters such as Hurricane Irma.

Matching Funds Relief

Sec. 7130 and Sec. 7601 – Matching Funds Requirement – Sec. 7130 of the House bill strikes the requirement for matching funds. Section 7601 of the Senate bill provides a waiver of the 1:1 matching funds requirement for a research project. If the research results are likely to benefit agricultural commodities, deal with scientific research, or the recipient is unable to satisfy the matching funds requirement, a waiver can be granted.

Recommendation: **We urge the conferees to eliminate the matching funds requirements.** In doing so, it frees up the researcher to look for non-federal matches that can be difficult to find and use.

Genomic Research

Sec. 7207 and Sec. 7208 – Agricultural Genome to Phenome Initiative – The House and Senate bills both authorize \$30 million for a new NIFA Agricultural Genome to Phenome Initiative. The initiative expands the existing genome research initiative to include phenome research. In the past, this research was authorized but never funded, to include phenome research. Sec. 7207 of the House bill narrows the scope of research to plants and crops of importance to agriculture. Sec. 7208 of the Senate bill explicitly directs the scope of research to include both crops and animals.

Recommendation: We urge the conferees to retain the Senate language directing the scope of research to include both crops and animals of importance to agriculture. The House bill language restricting funding to plant genomics would result in a loss of possible funding opportunities for animal science and set-back developing promising research that is already underway.

Many of UF's animal sciences faculty have impactful programs in this area. Both UF animal sciences and plant sciences groups use genomics and phenomics (how the genome encodes the appearance and function of an organism). Our plant breeders actually use the full genomic sequence of their plants to find genes that encode desirable traits. An example is disease resistance in tomatoes to Fusarium wilt. In the past, Fusarium wilt was one of the most destructive plant diseases in Florida. The development of resistant cultivars has significantly reduced the impact to tomatoes. An example for animal research would be the identification of the trait associated with short hair that provides heat tolerance in livestock, which is critical to livestock production in Florida.

Organic Agriculture Research

Sec. 7210 – Organic Agriculture Research & Extension Initiative (OREI) – Both the House and Senate bills increase funding for organic agriculture research. The Senate provides escalating funding from \$20 million to \$40 million annually over the next two years with a long-term goal of \$50 million per year by 2022.

Recommendation: We support the Senate bill language. This language provides an historic investment in organic agriculture and ensures that organic farmers have access to cutting-edge research, education and extension. The annual allocation of \$11.5 million will enable organic farmers to meet the unique challenges they face. This funding will provide organic certification cost share programs, making it easier for farmers deterred by the high costs associated with transitioning to organic farming. The bill also allots funds for robust enforcement and trade oversight, as well as data collection that could make it easier to detect fraud in the organic sector.

Citrus Greening

Sec. 7305 Specialty Crop Research Initiative - The House and Senate both propose to fund citrus greening research at the current level of \$25 million. Currently, the Citrus Disease Research and Extension (CDRE) program receives a set-aside of \$25 million per year in mandatory funds out of the \$85 million allocated for the Specialty Crop Research Initiative (SCRI) program.

In the House bill, Sec. 7305 extends the existing SCRI program without modification, funding the program for five years at \$85 million with a \$25 million set-aside for citrus research. In the Senate bill, Sec. 7305 Specialty Crop Research Initiative removes the \$25 million set-aside for citrus greening research within SCRI, while retaining the overall funding level for SCRI at \$85 million. In Sec. 12606 the Senate bill creates a new Citrus Disease Research and Development Trust Fund. The fund would be administered by the Department of Treasury, and would be funded at \$25 million per year, in mandatory funding for citrus research over a five-year period, (FY 2019-FY 2023). This funding would remain available until expended. The intention of the Senate was to make available additional funding for specialty crop research, while retaining the \$25 million for citrus research, without breaching the budget neutral cap on the bill.

The Senate bill's creation of a new trust fund for citrus research raises concerns because it leaves questions about the grant process and whether the most meritorious research projects would be funded. The language also appears to provide discretion to the Secretary of Agriculture to award funding, and does not require that the funds are spent.

Recommendation: Given the budget neutral requirement for the farm bill, the House bill language is advantageous as it continues the existing program without changes. The funding is secure, but it holds flat the overall funding for specialty crop research.

If the House and Senate conferees decide to adopt the Senate bill language, **we recommend the language specify that the establishment of the trust fund is not intended to require the U.S. Department of Agriculture to set up a new citrus program. It should also clarify that the SCRI process would continue to be used to award grants. We further recommend providing additional certainty in the language to ensure that the trust fund is implemented expeditiously. When including the trust fund, we support the resulting increase provided for SCRI-related research at \$110 million.**

Research

Section 7413 - Foundation for Food and Agriculture Research (FFAR) – The Senate bill reauthorizes FFAR, which brings together leading experts to identify and investigate ways to enhance the economic and environmental resilience of our food supply. Leveraging public and private resources, FFAR increases the scientific and technological research, innovation, and partnerships critical to enhancing sustainable production of nutritious food for a growing global population. The House bill does not include language reauthorizing FFAR.

Recommendation: **We urge the conferees to continue to support FFAR and retain the Senate language reauthorizing the program.** FFAR leverages one-to-one matching of public and private funding to tackle innovative research to sustainably nourish the growing global population. These public-private partnership dollars deliver a huge value for taxpayers. The additional \$200 million in funding opens the door for new FFAR partnerships that will support breakthrough science and technology to create a more productive, sustainable food and agriculture system of the future.

Research Facilities

Sec. 7503 and Sec. 7403 – Research Facilities Act – Sec. 7503 Sec. 4 in the House bill creates a competitive grants program to assist in the construction, alteration, acquisition, modernization, renovation or remodeling of agricultural research facilities. It also expands the grants to include maintenance costs as well as operating costs. Sec. 7403 in the Senate bill extends the current act without modification.

Recommendation: **UF urges the conferees to support the House language on the Research Facilities Act.** According to a recent study by APLU, the roughly 100 agriculture colleges have \$8.4 billion in deferred maintenance of their buildings and supporting facilities. This lack of funding contributed to a 29 percent erosion in their value, jeopardizing their ability to conduct research. The House bill language provides greater flexibility to use Capacity funds for the purpose they are intended – to support short- and long-term, regionally important programs. Often universities must add facilities infrastructure maintenance to ensure facilities remain competitive for new grants. We are allowed to use these funds for equipment that costs up to \$150,000 without approval. Any amount above this

level requires approval by NIFA. Adding the language that includes maintenance costs brings us closer toward covering the real and necessary costs of conducting research.

We further recommend the conferees refine the description from “institutions that receive funds under a capacity program” to “land grant universities” to further remove any grey area as to the intended recipient of these funds.

Regulatory Relief

Sec. 7606 – Simplified Plan of Work – The House bill strikes auditing requirements for research funds from the Smith-Lever Act, Hatch Act and Extension & Research. It also establishes scientific peer review as sufficient to meet merit review requirements for Hatch Act funds. There is no comparable provision in the Senate bill.

Recommendation: **We urge the conferees to retain the regulatory relief included in the House bill for Sections 7606.** This language moves us toward a simplified plan of work. Relief on non-auditable funds would remove some administrative burden. This is significant because universities do not receive any overhead reimbursement to help cover the administrative costs associated with Capacity Funds. We currently utilize scientific peer review of Hatch report projects and we support the proposal to deem this review as sufficient to ensure good stewardship of Hatch Act funds.

Sec. 7607 – Time and Effort Reporting Exemption - The House bill strikes the reporting requirement for universities and others. There is no comparable provision in the Senate bill.

Recommendation: The removal of the Time and Effort reporting that is currently required by law would relieve a significant administrative burden. Land grant universities need a reasonable approach to ensure that Capacity funds are used for the purpose intended – building research capacity, both short-term and long-term. Additionally, we need to have the freedom to continue to pay faculty salaries with Capacity funds.

Animal Health

Section 12102 – National Animal Health Laboratory Network (NAHLN). This coordinated partnership of Federal, State, and University-associated animal health and diagnostic laboratories is our vital, early warning system against animal disease outbreaks. The Senate bill increases non-mandatory funding for the network from \$15 million to \$30 million a year over five years. The House bill authorizes mandatory funding for \$30 million for one year.

Recommendation: **We recommend the conferees adopt the Senate language providing \$30 million for animal health laboratories over five years.** UF strongly supports this federal program to increase our diagnostic capabilities. UF is developing a new Institute for Comparative Veterinary Diagnostics that will increase diagnostic testing capabilities in Florida. It will also provide critical early detection of and rapid responses to diseases in animal populations that directly impact animal health, human health, and the agricultural economy.

Section 12103 – National Animal Disease Preparedness, Response and Animal Vaccine and Veterinary Countermeasure Bank – The Senate bill authorizes USDA APHIS to establish a rapid response program to perceived threats to animal health through the creation of cooperative agreements between colleges of veterinary medicine and the USDA. This is intended to provide the

Secretary of USDA with flexibility to fund research to effectively prevent and respond to animal disease outbreaks through cooperative agreements (CRADAs) with the states as the need arises. It allows flexibility to respond to states' unique needs. None of the funds can be used toward the construction of a new building or facility.

Recommendation: **UF College of Veterinary Medicine strongly supports the creation of the Bank to provide for a rapid response to a threat to animal health.** The flexibility to use CRADAs is essential to our ability to respond to a localized threat, in real time, with the funding necessary to tackle the need before it escalates to a national threat. Upwards of 70 percent of emerging infectious diseases in humans are zoonotic in that animals can serve as hosts for the pathogens involved. A strong diagnostic capability can have a large return on investment through mitigating risks to Florida's \$2.3 billion animal agriculture industry, \$300 million commercial seafood and aquaculture, \$6.5 billion in goods and services related to horses, and \$4.2 billion annually for pet industry expenditures.