



Chairman Robert Aderholt

*Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies
House Committee on Appropriations*

**FY 2017 Budget Hearing
Secretary of Agriculture Tom Vilsack
February 11, 2016
Opening Statement As Prepared**

I want to welcome all of you to today's hearing. Our primary goal this morning is to examine the Department of Agriculture's fiscal year 2017 budget while also reviewing the use of funds past and present. Our witness is the Secretary of Agriculture, the Honorable Tom Vilsack. He is joined by the Chief Economist for USDA, Dr. Robert Johansson; and USDA's Budget Director, Mr. Mike Young.

This year marks the final year of the Obama Administration and its last budget request. Like any administration, we have seen a number of highs and lows. All in all, you and your team have a positive record and you have reached quite a few milestones during the past seven years.

On the plus side, we can appreciate new discoveries made through agricultural research, record trade levels, expansion and restoration of critical rural infrastructure, a helping hand given to the impoverished and to farmers, ranchers, and producers hit with temporary crop and revenue losses, and the implementation of two farm bills.

On the flip side, this Subcommittee's work will extend well beyond the current administration. We are forced to look at how we can help fix critical programs that still need more attention, such as the Rental Assistance Program, which serves a vulnerable population including the elderly and disabled; the critical IT infrastructure project still needed by our farmers, commonly known as MIDAS; more effective and sensible regulation where necessary; a better understanding of obesity and how to get consumers to voluntarily change their behavior; investments in critical infrastructure that get the greatest return on investment and create more jobs; and in general – spending bills that are fiscally responsible, reflecting the needs of our federal government and the American people while protecting the future of American agriculture.

I have four primary goals for this Subcommittee as we move through the fiscal year 2017 appropriations process. The first goal is to increase oversight, improve efficiency, and demand more effective outcomes for the agencies and programs within our purview. We will continue to build upon the oversight efforts of previous years. The ultimate goal is to improve agency accountability of the taxpayer's dollars with a focus on results. USDA must tighten controls for areas subject to large expenditures with unclear results and where performance tasks or milestones are not met, such as is often the case with information technology investments.

The second goal is to ensure the proper alignment of funds with core programs and services so that we keep rural America vibrant. We appreciate the Department's keen attention

to supporting rural America. There are a wide range of programs in our bill that seek to support the diverse rural communities across the U.S., especially those that are vital to farmers, ranchers and producers. I want to be sure that we make wise decisions in allocating the funding. Parts of rural America are really hurting – (1) U.S. net farm income is forecast to decline for the third consecutive year in 2016; (2) about two of three rural counties lost population between 2010 and 2014; (3) poverty remains high; and, (4) as of midway through last year, rural employment was still 3.2 percent below its pre-recession peak in 2007. Many of us on this Subcommittee know firsthand that supporting rural America is a wise investment in our Nation’s future.

The third goal is to provide continued support for American farmers, ranchers and producers in both domestic and international markets. We will continue to provide the funds necessary to promote U.S. agriculture within free and fair markets covering all – from the beginning farmer and rancher to cooperatives representing the many sectors of agriculture. The United States has one of the most highly productive food and agriculture sectors in the world, and the U.S. government plays a unique role in ensuring the sectors’ vitality. Agricultural exports play a crucial part in the U.S. economy, supporting more than one million jobs and increasing revenue for our farmers and ranchers.

The fourth goal is to protect the health of our people, plants, and animals. First and foremost, we will support food safety and nutrition research for the U.S. consumer. Livestock also need to be healthy. Last year we saw the devastating loss of nearly 50 million birds due to an outbreak of highly pathogenic avian influenza, costing the economy well over \$1 billion between the public and private sector. Undergirding these efforts is intramural and extramural research. Lastly, we must support the men and women in the field who fight plant pests and disease on the front line.

The purpose of this Subcommittee is to meet these goals in a fiscally responsible manner that optimizes the resources we have while ensuring prosperity for future generations. It’s somewhat concerning that USDA’s budget request includes increases for discretionary and mandatory programs that appear to disregard the debt crisis facing our nation. Total program level resources for USDA have gone from \$175.8 billion in FY 2009 to \$225.4 billion in the President’s FY 2017 request. Our government is in debt for more than \$19 Trillion dollars! We need to cut up a few credit cards and not sign up for new ones.

The Department is again proposing to establish new programs and offices using scarce discretionary resources. While many of the problems you identify in the FY 17 budget need to be addressed, we should use the tools already available in the toolkit and not create new programs. The Administration proposed new mandatory programs outside of the 2014 Farm Bill and the ongoing child nutrition reauthorization process that will not be supported in the FY 2017 appropriation. For example, your budget proposes \$20 million in funding for an entirely new program called the Home Visits for Remote Areas. There are already two programs at HHS that serve this purpose – (1) the Health Resources and Services Administration’s Maternal, Infant, and Early Childhood Home Visiting Program and (2) the Administration for Children and Families’ Tribal Home Visiting Program. Not only does HHS have two similar programs, but USDA has a \$68 million program called the Expanded Food and Nutrition Education Program, or EFNEP, in every state and territory serving the same populations. The calculations for this final budget become more complex as these increases are offset by questionable decreases such as large reductions attributed to “operating efficiencies.” The savings are justified by a few nebulous sentences that cite decreased travel, fuel, and printing costs that will yield large

savings; however, these savings have been claimed by the agency in previous years and are not likely to produce the amounts suggested in the budget request.

There are programs within USDA's request that remain high priorities such as discretionary funds for AFRI research, support for rural development and farm program loans and grants, crop protection and pest management programs, the Rental Assistance Program, and other such vital agriculture and rural development programs.

I am especially concerned about the major changes proposed to the crop insurance program. We just had this fight last fall, and Congress did the right thing in the end by maintaining the safety net established in the 2014 Farm Bill. Farmers will likely endure an estimated drop in net farm income of 56 percent from its recent high of \$123.3 billion in 2013 and, if realized, would be the lowest since 2002 (in both real and nominal terms). They are experiencing tough economic times with sharply decreasing crop prices and a number of natural disasters. There are a number of uncertain economic factors in the future. Yet, USDA is proposing to reduce crop insurance by \$16.9 billion over 10 years and make it increasingly difficult for them to secure funding. I join my fellow colleague Mike Conaway in requesting that we not adversely change the rules of the Farm Bill.

Chairman Rogers believes that Congress should abide by the budget caps set in place by the Bipartisan Budget Act of 2015 – a total of \$1.070 trillion in discretionary spending. With ever more competing needs, I anticipate that the Subcommittee's funding levels will remain relatively flat at best. USDA's budget request largely exceeds the FY 16 enacted funding levels. Today and in the months ahead, we must analyze the request and focus on allocating the funding using the goals that I have outlined to the most effective, highest priority programs.

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