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ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Statement of Mr. Kevin Shea, Administrator
Before the Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
Committee on Appropriations, U.S. House of Representatives

Mr. Chairman and distinguished members of the Subcommittee, I appreciate the opportunity to appear before you on behalf of the dedicated and hard-working employees of our Agency to discuss the United States Department of Agriculture's (USDA) priorities for the Animal and Plant Health Inspection Service (APHIS) and to provide you with a review of our fiscal year (FY) 2017 budget request.

APHIS' mission is to safeguard the health and value of U.S. agricultural and other plant and animal resources. APHIS employees work tirelessly every day, across the country and around the world, to serve our stakeholders. This past year was a challenging one for our Agency and many of our stakeholders. Along with our State cooperators and the poultry industry, we responded to the largest animal disease outbreak in our history with strains of notifiable avian influenza detected in 21 States. Our employees and our cooperators rose to the occasion, and I want to acknowledge their hard work and determination as I begin my testimony. I would also like to take a moment to offer my congratulations to Ranking Member Sam Farr on his retirement and thank him for his strong support of our mission during his service on this Subcommittee. We truly appreciate his passion for the welfare of animals and for the farmers of California and our Nation.

Our programs continue to support all of the Secretary's goals: assisting rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving; ensuring our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources; helping America promote agricultural production and biotechnology exports as America works to increase food security; and ensuring that all of America's children have access to safe, nutritious, and balanced meals. They directly protect livestock, poultry, and special crops worth an estimated \$193 billion in 2015 (data collected by USDA's National Agricultural Statistics Service) and the well-being of 2.5 million animals under the Animal Welfare Act (internal APHIS data).

We appreciate the Subcommittee's support of our programs, as you demonstrated with the appropriations provided in FY 2016, which will ensure we can continue supporting our farmers and ranchers. We are using the increases provided for Avian Health, Swine Health, and Specialty Crop Pests to address significant disease threats faced by our farmers. The increase in the Agricultural Quarantine Inspection pre-departure program will allow us to fill longstanding vacancies at busy airports in Hawaii and Puerto Rico. We are using the increase in the Agricultural Import/Export line item to increase export opportunities for our farmers and ranchers. We are using the increase in the Wildlife Damage Management program to make essential safety investments in equipment for our aerial operations. Following our experience with the avian influenza outbreak of FY 2015, our FY 2017 budget proposal reflects the need to invest in our basic response infrastructure, so that we can continue to protect our Nation's farmers and their ability to provide a safe, secure food source for the United States and the world.

As APHIS Administrator, I have several core beliefs. First, healthy and profitable agriculture is good for America; it provides food and clothing for countless people worldwide and is a key pillar to a thriving economy. Second, as a Federal agency, APHIS' role is to take actions that no one State or individual entity can take on their own. And third, APHIS has a special role to carry out in protecting vulnerable animals. Our accomplishments from the past year demonstrate our

commitment to these principles, our mission, and to our stakeholders. I would like to report on several of them before I discuss our FY 2017 Budget in greater detail.

In FY 2015, 21 States had positive cases of notifiable avian influenza, affecting 232 premises (211 commercial, 21 backyard) and approximately 50 million birds. At its largest point, APHIS' response team included 3,200 individuals, including Federal employees, State employees, and contractors. APHIS delivered approximately \$200 million in indemnification payments to producers to help them recover from this devastating situation. In addition, APHIS paid approximately \$600 million in costs to depopulate, clean and disinfect infected premises and to dispose of the approximately 50 million chickens and turkeys. The response team worked diligently to contain and eradicate the disease, safely dispose of infected materials, and ensure the virus was eliminated so affected farms could safely return to production. Throughout the experience, APHIS continuously improved its response capabilities to provide the most effective and efficient services possible. All affected premises have resumed operations.

Based on conversations with States and industry groups and the lessons APHIS identified from the FY 2015 response, the Agency prepared a comprehensive and updated emergency response plan for a potential return of notifiable avian influenza. In the plan, USDA has committed to depopulating affected birds within 24-hours to minimize disease spread; updated indemnification procedures so we can provide critical resources to producers as soon as possible; and evaluated available equipment, facilities, and personnel to help ensure we are ready to move quickly in the face of an outbreak. APHIS will now provide a flat rate of compensation to the producer for cleaning and disinfection, based upon the type of facility and number of birds. This will also help to provide resources to producers faster, and reduce the amount of paperwork that producers need to submit to APHIS. We also published an interim rule to allow indemnity to be paid to growers who may not be the owners of the birds.

During the FY 2015 outbreak, we learned that we need to rebuild our response capabilities for large-scale events such as this one, and developed a plan to move in that direction including the establishment of multiple level coordination groups in APHIS and USDA. We also are

requesting additional resources in the FY 2017 budget that will allow us to respond to future animal health issues more effectively.

When highly pathogenic avian influenza was detected in Indiana in January 2016, we took immediate action to identify the disease and launch response activities. We depopulated the infected flock as well as another flock in a contact premises. It appears that this was an isolated incident where a low pathogenic virus mutated into the highly pathogenic form—a different strain from the one that caused the 2015 outbreak—and it does not necessarily indicate the beginning of a larger outbreak. We will continue extensive surveillance program to look for the disease throughout the country. If it strikes again, we will work with producers, States, and industry to stop its spread and eliminate it.

In FY 2015, the United States also experienced an unprecedented number of exotic fruit fly outbreaks. In total, there were 12 outbreaks that resulted in quarantines in California, Texas, Florida, and Puerto Rico. Despite the number of outbreaks, APHIS was able to detect and respond to them using our existing strategies and methods. APHIS also assisted the Dominican Republic in responding to a large outbreak of the Mediterranean fruit fly in that country. We completed our responses to five of the outbreaks in the United States during FY 2015 and just lifted the quarantine for the Oriental fruit fly outbreak in Florida on February 13, 2016. Puerto Rico experienced its first ever outbreak of the Mediterranean fruit fly, which threatened specialty crop production worth nearly \$300 million in the Territory. APHIS and officials in Puerto Rico quickly mobilized a response and eradicated the outbreak. If the pest had become established in Puerto Rico or in the Dominican Republic, it would have threatened to spread to other areas of the country, particularly Florida, because of the high volume of travel and trade between the locations. APHIS is continuing its ongoing activities to prevent and detect any exotic fruit fly incursions to protect our specialty crop production. Without constant vigilance through our trapping network and release of sterile insects in vulnerable areas, damaging pests like the Mediterranean fruit fly could become established in the United States.

I am pleased to report on our continued progress in eliminating the backlog of pending biotechnology petition reviews. When APHIS put its new review process in place in 2012, there were 23 pending petitions for nonregulated status. Now, only one of those remains and it requires an environmental impact statement and consultation with the Fish and Wildlife Service to move forward. APHIS has received 14 new petitions since the process was put in place. Of those, 11 have been deregulated, and three of the remaining four should be complete by the end of FY 2016. The target timeframes for reaching a determination is 13 months to 15 months; the time is currently down to just over 18 months, but prior to the change in process, it often took three or more years for a determination.

Our success in this area is based on APHIS' embrace of business process improvement tools to ensure that APHIS is a high performing, adaptable agency in the 21st Century. Over the last five years, we have completed a total of 29 business process improvement reviews. The results have allowed us to save time and resources for ourselves and our customers in a variety of areas, from veterinary biologics licensing to fleet management to billing processes. We completed a project in FY 2014 to streamline and modernize our permitting processes for micro-organisms imported by the biopesticide industry and others. By switching from paper-based labels to electronic labels for these imports, we reduced the time involved in this step of the process by more than 50 percent in FY 2015. We are continuing this effort with another seven business process reviews in FY 2016 to ensure that our program operates effectively and efficiently.

APHIS saw success with the National Feral Swine program in FY 2015. With support from the Subcommittee, we began this program in FY 2014 to reduce the damage, estimated at \$1.5 billion annually, caused by this invasive species. We have made significant progress in reducing specific populations of these animals. With private landowners, States, tribes, and other Federal agencies and organizations, we have conducted operational activities across 41 States and more than 130 million acres. In States where there are relatively low numbers of feral swine, the program goal has been to eliminate these animals completely. We have achieved this goal in four States with low populations of feral swine, including Washington, Idaho, New York, and Maryland. We will continue to monitor these States for feral swine damage to make sure the

animals do not become re-established. One of the program's goals for 2016 is to remove feral swine from another two States with low population levels.

We have also used the funding provided by the Agricultural Act of 2014 (2014 Farm Bill) to continue to enhance plant health through two important programs, Plant Pest and Disease Management and Disaster Prevention and the National Clean Plant Network (NCPN). Since 2009, APHIS has funded more than 2,600 projects in 50 States and 2 U.S. territories, strengthening our abilities to protect U.S. agriculture and natural resources from foreign pest threats. Cooperators across the country put innovative ideas into action with Farm Bill funds. Our cooperators have used the funds to devise new tools to help target surveys and to diagnose plant pathogens in field situations. We used the Farm Bill funds allowed to launch a national honey bee pest survey in FY 2015, with 37 States participating. We just announced our FY 2016 spending plan, which will support 412 projects suggested by States, universities, Federal agencies, nongovernmental organizations, and Tribal organizations. In support of the NCPN, which provides reliable sources of pathogen-free planting stock of high-value specialty crops, APHIS and cooperators are providing funding and other support to 22 clean plant centers and associated programs in 17 States representing specialty crops including fruit trees, grapes, citrus, berries, sweet potatoes, roses, and hops.

We meet regularly with our stakeholders to help us identify critical priorities and areas of need. This year, along with the Deputy Administrators from all six APHIS program areas, I am meeting with representatives of 18 different sectors, representing a wide variety of stakeholders. To address citrus growers' serious concerns about the impact of huanglongbing (HLB), or citrus greening, on their industry, we initiated the HLB Multi-Agency Coordination Group (MAC) several years ago. We are very pleased with the progress that the HLB MAC Group has made with support from this Subcommittee. HLB MAC-supported projects have more than doubled the number of biological control agents released to control HLB's insect vector, devised field delivery methods for thermotherapy (the use of heat treatment to reduce the amount of HLB in an infected tree and help it become productive again), and trained canine detectors to find HLB-infected trees, among other things. With the support of this Subcommittee, APHIS is continuing

to support the most promising projects in FY 2016 and FY 2017. After meeting with the representatives of nursery industry, APHIS agreed to establish an emerging technology working group and ensure that the team includes subject matter experts who are knowledgeable about issues to the nursery industry. This group will provide essential technical support and industry insight as we adopt new technologies that will affect our customers.

We continue to hear from our stakeholders that the ability to export their products is key to the growth and continued success of U.S. farmers and ranchers and related businesses. According to USDA's Economic Research Service, the value of U.S. agricultural exports has nearly tripled in value since 2000, and they were expected to account for more than 30 percent of farm earnings in 2015. U.S. agricultural exports totaled about \$140 billion in FY 2015. The strong showing demonstrates continuing world-wide demand for high-quality U.S. grown products. I am proud of APHIS' role in continuing to help U.S. farmers and ranchers access new markets. Last January 2015, we reached a historic agreement with China to allow all U.S. grown apples into the Chinese market. Our efforts result in high quality, fresh U.S. apples being available for consumers in China and a significant boost in sales for American apple producers. Exports of U.S. apples to China through November 2015 were valued at nearly \$22 million. Last year, APHIS, in cooperation with other agencies, successfully negotiated and resolved 171 sanitary and phytosanitary trade-related issues involving U.S. agricultural exports, with an estimated market value of more than \$2.5 billion. This includes continuing our efforts to eliminate all remaining bovine spongiform encephalopathy (BSE)-related restrictions on U.S. cattle and beef. Based on our efforts, 14 countries removed all BSE restrictions on U.S. beef and beef products in FY 2015. Together these markets have a potential value of \$180 million for our exporters. We were able to retain important markets for U.S. poultry like the European Union (worth \$111 million) by providing scientifically sound information on our efforts to contain the outbreak of highly pathogenic avian influenza. APHIS also successfully intervened in 293 situations where U.S. cargo was held up at foreign ports-of-entry, which prevented the rejection of shipments worth more than \$25 million. We appreciate the additional resources the Subcommittee has provided for these efforts in FY 2015 and 2016.

Our Animal Welfare program carries out activities designed to ensure the humane care and treatment of animals covered under the Animal Welfare Act (AWA) through inspections, enforcement, education, and collaboration with others. In FY 2015, APHIS continued to implement the 2014 final rule that revised the definition of “retail pet store.” This change protects the health of pets sold sight unseen over the Internet and via phone- and mail-based businesses. APHIS has received 333 completed applications since the retail pet store rule went into effect, and there are currently 230 licensees under the rule. APHIS is continuing to evaluate its regulations under the AWA and the Horse Protection Act to ensure that our methods and requirements lead to the best outcomes for the animals protected by those statutes.

FY 2017 Budget

Our FY 2017 budget requests a total of \$904.4 million, including \$3.2 million for our Buildings and Facilities account. This is a net increase of \$6.78 million, or approximately 0.8 percent, from the FY 2016 appropriation of \$897.6 million. Among the proposed increases is \$30 million to improve our animal health readiness capacity to effectively address large animal health events like the FY 2015 avian influenza outbreak. This area of our Agency has been diminished, and we have seen a reduction of more than 200 animal health professionals over the last decade. The need to rebuild our capacity is critical. We will use most of the funds to hire veterinarians and animal health technicians to rebuild our field force. We will also hire more safety and health officers and biosecurity officers. These employees will need training and equipment to be prepared to respond to situations like the 2015 avian influenza outbreak. Another critical need is the development and maintenance of the system we share with the Center for Disease Control and Prevention to manage the registry and inspection of facilities that handle select agents and biological toxins. The animal health readiness proposal includes \$1.5 million for APHIS’ share of the costs for this essential system. It also includes \$1.7 million to keep up with increasing costs to maintain the National Veterinary Stockpile. We are requesting \$9.9 million to implement APHIS’ portion of the \$61 million included in the USDA Anti-Microbial Resistance (AMR) Action Plan. AMR poses a serious threat to human and animal health, and APHIS will

use the funding requested to enhance on-farm surveillance, providing critical information about the prevalence of AMR and inform government-wide efforts to address it. In another important area, APHIS is requesting a \$4.5 million increase for the Lacey Act program, which is part of a collaborative effort by USDA, the U.S. Department of Justice, the U.S. Department of the Interior, and others to combat illegal logging on a global scale. According to a study by the U.N. Environmental Program, illegal logging accounts for \$30-\$100 billion annually, and it is linked to a variety of other criminal activities and affects the profitability of legitimate logging enterprises. I would also like to mention our request for a \$1.4 million increase for the Agricultural Quarantine Inspection pre-departure inspection program. We appreciate the increase of \$1 million for this core-mission program in the FY 2016 Appropriations Act. It will allow us to fill longstanding vacancies in the program. However, additional funds are needed so that we can address the continuing need for more inspectors at peak travel times to prevent the spread of damaging pests like exotic fruit flies and scale insects from Hawaii to the mainland United States while also facilitating travel and trade. These pests would put California citrus and other fruit and vegetable crops at risk. Finally, I would like to highlight the \$6.17 million requested to cover pay costs for employees to avoid having to reduce our program spending to cover these truly essential costs.

APHIS is balancing these critical increases by proposing reductions in Federal support in areas where we feel we can reduce efforts without compromising progress towards program goals, such as Cotton Pests, where we are completing surveys to confirm the eradication of the pink bollworm. We continue to stress the importance of a cooperative effort between the Federal government and our public and private partners in responding to several programs in the Specialty Crop Pests, Tree and Wood Pests, and Wildlife Damage Management line items. We urge our State and industry partners to put more resources into these programs that are vital to their interests as well. We are also proposing a decrease in the Wildlife Damage Management line item related to one-time investments in aircraft equipment and a decrease in the Veterinary Diagnostics line item related to the National Animal Health Laboratory Network.

APHIS' mission of safeguarding U.S. agriculture is ever more critical. Agricultural production practices, global trading patterns, and pest and disease threats continue to evolve. But our core objective remains the same. It is simple, but vital: to protect American agriculture and other animal and plant resources. On behalf of APHIS, I appreciate your support and look forward to a continued, productive relationship. I am happy to answer any questions you may have.