



Chairman Robert Aderholt

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

**FY 2018 Budget Hearing
Secretary of Agriculture Sonny Perdue
May 24, 2017
Opening Statement As Prepared**

Good morning. 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 2018 budget while also reviewing the use of funds past and present. Our witness is the Secretary of Agriculture, the Honorable Sonny Perdue. He is joined by the Chief Economist for USDA, Dr. Robert Johansson; and USDA's Budget Director, Mr. Mike Young.

Before we get underway, I would like to take a moment to congratulate you on your confirmation as the 31st Secretary of the Department of Agriculture. We welcome you, Secretary Perdue, for your first opportunity to testify before the Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies. As a farmer, veterinarian, and agribusinessman, you bring first-hand experience in working with the agricultural sector and have an in-depth understanding of the needs of our nation's farmers and ranchers. Your experience will undoubtedly serve you well in your new role, and it will also be an invaluable asset to USDA's stakeholders as you and your team get to work on addressing the challenges many of our farmers, ranchers, and rural populations face today.

As the Secretary of Agriculture, your responsibilities are far-ranging – from keeping our food supply safe to promoting and coordinating agricultural research to improving and expanding rural infrastructure. Those responsibilities coupled with your desire for smart and efficient government spending will be a great asset to the Department for the foreseeable future. We look forward to not only hearing your thoughts on the budget request, but to learning more about your vision for USDA and your goals as Secretary.

Moving forward, we are forced to look at how we can help fix critical programs that still need more attention, such as IT infrastructure needed by our farmers; more effective, common sense regulation that does not create barriers to economic prosperity; maintaining and promoting an agricultural workforce for the future; 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.

As I have mentioned in prior hearings, we intend to develop our fiscal year 2018 budget with four themes in mind. The first is a continued emphasis on oversight activities. It is about evaluating and accounting for every taxpayer dollar to ensure efficiency and accountability. We will continue to work to eliminate and prevent burdensome regulation; improve agency accountability; eliminate duplicative programs and initiatives; ensure proper staffing levels; and prioritize investments in proven and effective programs with a demonstrated benefit to American families.

The second theme is investing in rural infrastructure as a catalyst for growth. I want us to make smart investments in critical utility infrastructure, such as broadband, electricity, water systems, and housing for vulnerable populations; assist rural businesses to create unique economic opportunities; and prioritize funding that helps to grow economies and jobs.

Our third theme is about ensuring support for our farmers, ranchers, and producers. This includes providing opportunities for our constituents through access to domestic and international trade; providing credit to producers; ensuring free and fair markets; supporting science and research to promote productivity and sustainability; and guaranteeing the safety net is there for those who need it most.

Our final theme is protecting the health and safety of people, plants, and animals. We will work to protect our safe and healthy food supply; control or eradicate plant and animal pests and diseases that threaten agricultural industries; ensure the safety and effectiveness of human and animal drugs and medical products; and deliver nutrition assistance to vulnerable populations.

The goal of this Subcommittee is to produce a bill that meets these themes in a fiscally responsible manner that optimizes limited resources while ensuring prosperity for future generations. While the ink on the Fiscal Year 2018 budget request is barely dry, it certainly provides us with plenty of discussion topics for our hearing this morning.

No one in this room can deny that the U.S. government's spending is still out of control. We like to talk about how great it is that we reduced the annual deficit to under \$400 billion and ignore the fact that we have a national debt that will soon exceed \$20 Trillion dollars. This Subcommittee and most all the other Appropriation Subcommittees are faced with lower spending levels in FY 2018, and we know that other parts of government will need to do their part as well.

While this Committee has always supported responsible investments, we will spend the days ahead examining the Administration's use of the scalpel for nearly all programs and the axe for a select few. Popular programs with proven track records received some of the steepest reductions or were outright eliminated. Many in agriculture and rural America are likely to find little to celebrate within this budget request. As an advocate and supporter of farmers and rural America, I look forward to listening to your thoughts on and rationale for some of these reductions, especially given the challenges facing the farm industry and rural America.

Parts of USDA's budget request that are concerning include, but are not limited to, a nearly \$300 million reduction to research activities, over \$3 billion in program level reductions to Rural Development programs, including the elimination of the Rural Business Service, which provides

economic support for rural communities, and the elimination of the Water and Waste Disposal Loan and Grant program that provides access to capital to enable small communities access to clean and safe drinking water. The budget request also proposes major reductions and changes to the SNAP program, a discussion better suited for the upcoming Farm Bill deliberations, and terminates international food aid programs funded at over \$2 billion in fiscal year 2017.

I am especially concerned about the major changes proposed to the crop insurance program. The budget request includes proposals that would reduce crop insurance funding by nearly \$30 billion over 10 years despite the continuing decline in net farm income of 56 percent from its recent high of \$123.3 billion in 2013. Farmers continue to experience tough economic times with sharply decreasing crop prices and a number of natural disasters.

Not only does the budget include sharp reductions for several programs, it makes numerous assumptions about reductions in staffing levels that seem unrealistic to achieve. For example, if we reduce the size of the field staff, we had better make sure that IT systems are accessible and productive and comparable service is in place to support our farmers, ranchers and rural residents. If such staffing reductions were to occur it would seemingly make adequate operation, management, and oversight of USDA programs challenging without improvements made in the delivery of services.

One new start proposed in the budget request is to establish a new Rural Economic Infrastructure Grant account. The proposal calls for an initial investment of \$162 million to provide grants that support initiatives under several existing Rural Development programs, including Distance Learning and Telemedicine, Community Connect, Community Facilities, and certain home repair grants. We look forward to hearing more about this proposal and your vision as to how it would be set up and carried out.

Lastly, while not directly addressed in the budget request, I know all of us would like to learn more about USDA's reorganization proposal. While I applaud the proposal to establish an Undersecretary for Trade and Foreign Agriculture Affairs, we need additional information on the other two proposals as many questions remain unanswered.

The aforementioned items just scratch the surface of the issues to discuss today and in the months ahead. As a Committee we must analyze the request and focus on allocating funds using the goals that I have outlined to target the most effective, highest priority programs.

Again, I want to thank you for being with us today, and I look forward to today's discussion.

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