

**Statement by
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Secretary of Agriculture
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 this Subcommittee, I appreciate the opportunity to appear before you to discuss the President's 2019 budget for the Department of Agriculture (USDA). Joining me today are Seth Meyer, Chairman of the World Agricultural Outlook Board, and Diem-Linh Jones, USDA's Acting Budget Officer.

A Productive Year

When I first appeared before this Subcommittee almost a year ago, I presented my vision for agriculture and laid out my goals for making the Department of Agriculture the best run Department in the Federal Government. Since then we have set out to give the men and women of America's agricultural and agribusiness sector every opportunity to prosper.

Today, USDA is in a better position to support agricultural producers, while providing increased accountability to American taxpayers. Through the OneUSDA call to action, we are establishing a new operating model for USDA to better serve its customers. As a result, we are modernizing USDA operations and service delivery; reducing burdens on our stakeholders; serving customers; and ensuring responsible use of the Department's resources.

The newly established Farm Production and Conservation (FPAC) Mission Area, comprised of the Farm Service Agency, Risk Management Agency, and the Natural Resources Conservation Service, has put a stronger focus on domestic agricultural issues. Through this organization, USDA supported an effective safety net for the more than two million agricultural producers who provide food and fiber to over 300 million Americans, and millions more around the globe. In response to

Hurricanes Harvey, Irma and Maria, thousands of FPAC staff were deployed across hurricane-stricken regions to provide timely assistance through various emergency conservation, clean-up, and indemnity programs while authorizing additional time flexibility for reporting losses and completing requests for assistance. In addition, our employees assisted Puerto Rico with a one-of-a-kind program that provided feed for dairy cattle to prevent herd losses, following virtually complete destruction of feed sources across the island.

To reduce redundancies and improve operations within the FPAC mission area, we have created an FPAC Business Center to centralize administrative and information technology operations for the three FPAC agencies. This will strengthen customer service and capitalize on efficiencies across the Mission Area. In addition, we are making it easier for producers to interact with FPAC employees through the introduction of Farmers.gov. When fully operational, this website will provide producers the ability to leverage FPAC resources and enroll in our programs. We will continue to improve our systems to make us more responsive to their needs so we can optimize the time we spend with producers in our county offices.

Since the day he took office as USDA's first Under Secretary for Trade and Foreign Agricultural Affairs, Ted McKinney has been circling the globe, promoting U.S. agricultural products and engaging with foreign government counterparts to break down barriers to U.S. exports. I said he'd be our "million mile flyer" and he's already getting close to hitting that mark. In just over 6 months on the job, he has covered 9 countries – India (twice), Colombia, Panama, Brazil, Mexico, Belgium, the United Kingdom, the United Arab Emirates and, most recently, Japan – advancing our policy interests and promoting our products. The trade missions to India and Guatemala he led will generate more than \$30 million in projected 12-month sales for the U.S. agribusinesses that took part. International trade continues to be an engine for economic growth in rural America, with U.S. farm and food exports reaching \$140.5 billion for 2017, the third-highest

total on record. USDA has worked to find, open, and expand markets for the high-quality food, fuel, and fiber that our farmers and ranchers produce. We are leaving no stone unturned as we work to enter into trade agreements that will benefit American agricultural producers.

China is a key market for U.S. agriculture, but China's unfair trade policies, including for agriculture, have undermined fair trade and the global trading system. The President is taking steps to address those policies. We will also respond to China's unjustified threats to retaliate against U.S. farmers. America's farmers, ranchers, foresters, and producers are the ones who feed, fuel, and clothe this nation and the rest of the world and the Administration stands ready to defend agricultural producers who may be harmed. As we take a stronger approach to the way we handle trade as a nation, President Trump has directed me to use all of my authorities to ensure that we protect and preserve our agricultural interests.

The creation of the Assistant to the Secretary for Rural Development recognizes that the economic health of small towns across America is crucial to the future of the agricultural economy. It is our responsibility to use our resources and expertise to work with these communities to achieve a higher quality of life for the 46 million people living in rural America. In 2017, USDA made significant investments in rural infrastructure, including telecommunications, e-connectivity, water and sewer systems, and critical community facilities that have improved educational, health, and economic opportunities for rural residents. These vital services are part of the foundation of a high quality of life and provide support to rural communities in designing and building solutions based on their own specific needs and strengths.

The Food, Nutrition, and Consumer Services mission area has announced several new initiatives. We are seeking ideas to promote work and self-sufficiency among able-bodied adults participating in the Department's Supplemental Nutrition Assistance Program (SNAP). We intend to use the input to find improvements to SNAP policy and related services that can best assist SNAP

participants return to self-sufficiency. USDA will continue to build state capacity for workforce development through the SNAP to Skills Initiative and the Employment and Training Work Academy. The School Meal Flexibility rule has provided local food service professionals the flexibility they need to serve wholesome, nutritious, and tasty meals in schools across the nation. Additionally, we continue to pursue efforts to provide states and school districts with additional flexibility and support to operate more efficient school meal programs. Recently, we announced a proposal to provide much-needed relief for school districts with less than 2,500 students, allowing them more flexibility in the hiring of new school nutrition program directors. To support states' efforts to improve program integrity, USDA also rolled out a suite of customizable resources to help local school districts improve the accuracy of their school meal application processes.

For the first time, the USDA and Department of Health and Human Services are seeking comments on the proposed priority topics and supporting scientific questions that will guide the development of the upcoming 2020-2025 edition of the Dietary Guidelines for Americans (DGA). This new public comment stage at the beginning of the DGA development process will help maintain the integrity of the process and ensure transparency in communicating the topics that meet the priorities of federal nutrition programs. Through these and other actions, USDA has improved customer service across all the mission areas of the Department. We successfully eradicated New World screwworm after the first detection in the U.S. in 35 years, established the necessary workforce to quickly respond to animal health emergencies, and reduced sanitary and phytosanitary barriers to trade. In 2017, these latter efforts helped preserve trade valued at \$7.5 billion through resolution of foreign market access issues related to U.S. export detainment, technical barriers to trade, and other impediments to trade.

We have maintained our critical responsibility for ensuring that America's food supply is safe, while allowing establishments to be as efficient and effective as possible. Improving the

effectiveness of inspection makes better use of the agency's resources by allowing a greater focus on process control and offline food safety activities as well as removes unnecessary regulatory obstacles to innovation. Regulatory changes we are proposing will improve inspection processes and allow for more rapid adoption of food safety technologies, while achieving a high level of food safety. Our cutting-edge research program has led to improved productivity and competitiveness, while improving crop quality, nutritional value, and food safety.

In addition, the Forest Service responded to an extreme fire season. In coordination with other federal, state and local, agencies, over 28,000 personnel, including nearly 10,000 Forest Service personnel, were supporting fire suppression activities. At the peak of Western fire season, there were nearly three times as many total uncontained large fires on the landscape as compared to the five-year average. USDA appreciates the work of Congress to include a bipartisan fix to address funding for fighting wildfires in the 2018 Consolidated Appropriations Act. This solution will allow us to focus on increasing the pace and scale in the many non-fire-related programs we manage. It will enable us to improve overall forest health and keep wildfires from threatening lives, homes, and communities.

We have a strong plan in place to ensure we continue to improve our service to rural America. On my first day in office, President Trump signed an Executive Order, directing me to lead the Interagency Task Force on Agriculture and Rural Prosperity. On January 8, 2018, we released the findings of the Task Force. The report is the result of an intensive six-month effort made by 22 Federal agencies in partnership with state, local, and tribal leaders. The recommendations centered on five areas: e-connectivity, quality of life, rural workforce, technology, and economic development. To ensure that the findings of this report have a meaningful impact on rural America, we are moving forward to implement the initial

recommendations and to expand stakeholder participation. We are working closely with the White House so that we can move forward together in making a lasting impact in rural America.

While the Task Force worked tirelessly to identify solutions to the problems plaguing our rural communities, there is more work ahead. No doubt, rural America has struggled under burdensome regulations, but this Administration is taking aggressive action to reduce confusing, burdensome regulations that impair productivity, and USDA is not an exception. As we visit with producers and rural residents in the coming year, we will continue to listen intently and communicate to our federal partners if there are regulations that are unfair or overly burdensome. Whether it is duplicative paperwork or unneeded process requirements, we want to hear about it. At the President's direction, regulatory reform is one of the cornerstones of the Department's strategies for creating a culture of consistent, efficient service to customers, while reducing burdens and improving efficiency. USDA has identified 27 final rules that will be completed in fiscal year 2018 and result in over \$56 million in annual savings.

We are strengthening our work with our interagency partners in furtherance of these efforts. At USDA, we are driving interagency coordination to ensure that we can address the challenges that affect our stakeholders, whether they are under our jurisdiction or beyond. For example, we recently signed an agreement with the Food and Drug Administration aimed at making the oversight of food more efficient and effective by bolstering our coordination. The formal agreement outlines efforts to increase interagency collaboration, efficiency and effectiveness on produce safety and biotechnology activities, while providing clarity to manufacturers. We also are working closely with the Environmental Protection Agency, Department of the Interior and other Federal partners to coordinate on issues such as pesticides, endangered species, Federal land management and other cross-cutting issues.

President Trump has made it a priority to rebuild our infrastructure since the day he took office and he has followed through on that commitment. Under the President's infrastructure plan, rural America would receive a much-needed boost in investment. With a quarter of the new Federal money heading to rural parts of the country, states will have the ability to expand broadband access, increase connectivity, rebuild roads, and supply affordable utilities. Importantly, states will have the flexibility to choose which projects will best meet their unique needs. In my travels across the country, I have heard from the people in the Heartland, and the overwhelming view is that this is just the type of investment they are looking for to help create jobs, improve education, improve the quality of life, and increase overall prosperity.

2019 President's Budget

I am here today to present to you the Administration's Budget for the Department. The President's Budget for 2019 for USDA programs within this Subcommittee is about \$134 billion, of which approximately \$120 billion is mandatory funding and \$14 billion is net discretionary funding. The Budget includes mandatory funds to fully support estimated participation levels for SNAP and Child Nutrition programs, and discretionary funds to fully serve the expected participation level in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). It includes the funding needed to meet our responsibility for providing inspection services to the Nation's meat and poultry establishments. The Budget focuses on core mission-critical activities, such as expansion of agricultural production jobs and research, while also supporting the Department-wide reorganization efforts. The Budget demonstrates fiscal constraint and responsible use of taxpayer resources.

The Budget provides resources to help agricultural operations prosper, fulfilling their mission to feed, fuel, and clothe the world. Funding is requested to support over \$7 billion in direct and guaranteed farm loans for over 46,000 producers. It provides over \$1 billion for the Animal

and Plant Health Inspection Service to promote the health of animal and plant resources and facilitate their movement in the global marketplace. For agricultural research and extension activities, it requests a total of \$2.6 billion, including \$375 million for competitive grants through the Agriculture and Food Research Initiative. The Budget includes \$42 million to transfer operational responsibilities for the National Bio- and Agro-Defense Facility from the Department of Homeland Security to the USDA. This proposal will more effectively align missions and facilities protecting our Nation's food supply within the Cabinet Department that houses some of the world's preeminent expertise in animal disease research and diagnostics.

The Budget continues to support USDA's efforts to promote American agricultural exports, develop international standards, remove trade barriers by monitoring and enforcing existing trade agreements, and negotiate new trade agreements that benefit the U.S. agricultural economy. Funding is increased to strengthen monitoring and enforcement of existing trade agreements, which will help maintain \$140 billion in agricultural trade. Funding is also requested to address barriers to preserve or expand trade valued at \$4.5 billion through resolution of foreign market access issues. To facilitate exports to buyers in countries that may not have access to adequate commercial credit, the Budget includes a program level of \$5.5 billion for CCC Export Guarantee Programs to provide guarantees.

The Budget proposes to leverage over \$36.6 billion in Federal funds to stimulate public-private partnerships needed to build rural infrastructure including broadband, community facilities, safe and affordable housing, health services and facilities, and provide capacity-building to help underserved communities become thriving communities. This includes \$1.2 billion to improve water and wastewater services for 1.5 million rural residents and \$3.5 billion to provide access to improved community facilities for over 5 million rural residents. The budget provides \$24 billion to lenders in providing 164,000 low- to moderate-income households the opportunity to own their

primary residence through the single family housing guaranteed loan program. The budget also includes \$1.3 billion to fully fund multi-family rental assistance grants for about 274,000 contracts. This funding is in addition to the President’s infrastructure proposal.

The Budget provides the resources necessary to ensure USDA programs are delivered efficiently, effectively, and with integrity and a focus on customer service. It invests \$15 million in IT modernization projects to support customer engagement. This includes the initiative I previously mentioned to establish a “customer portal” that will allow farmers and ranchers to more easily access USDA services. It also provides \$8 million to enhance the Department’s cyber security capabilities through the acquisition and implementation of tools and services needed to enhance the safety and security of customer data and government networks.

The 2019 President’s Budget includes a number of legislative proposals that produce savings to reduce the deficit. The proposed legislation would generate savings of \$272 billion over ten years compared to current baseline spending. The Budget proposes to optimize and improve crop insurance and commodity programs in a way that maintains a strong farm safety net. The Budget does this by eliminating subsidies to higher income farmers and reducing overly generous crop insurance premium subsidies to farmers and payments made to private sector insurance companies. The Budget also includes proposals to streamline Federal conservation efforts to focus on programs that protect environmentally sensitive land and increase conservation practice implementation.

The Budget supports a foundational principle that those that need assistance have access to wholesome and healthy foods. The “USDA America’s Harvest Box” initiative—an innovative approach to providing nutritious food to participants in SNAP that combines the traditional retail based benefit with a package of 100-percent U.S. grown and produced wholesome food staples – and all of it would be home grown by American farmers and producers. It maintains the same level

of food value as SNAP participants currently receive, provides states flexibility in administering the program, and is responsible to the taxpayers. States would have substantial flexibility to distribute these food benefits to participants through existing infrastructure and public-private partnerships, or States could choose to deliver directly to residences through retailers or commercial delivery services. Both rural states and urban areas with food access issues have shown interest in direct delivery options. We are also hearing from the private sector about helping us innovate around access to food. This proposal combines the best elements of SNAP and the USDA Foods programs, and could even allow states to provide participants the opportunity to select from a list of food items and some states may choose to include additional items, such as fresh fruits and vegetables through public-private partnerships. In addition, the Budget expands on previous proposals to strengthen expectations for work among able-bodied adults, preserves benefits for those most in need, promotes efficiency in State operations, and improves program integrity. Combined, these reforms maintain the Administration's commitment to ensuring Americans in need of assistance have access to a nutritious diet while significantly reducing the cost to taxpayers.

The economy is strong with 103,000 jobs created in March and unemployment at 4.1 percent. The Nation's Gross Domestic Product (GDP) is growing at a healthy pace. The Bureau of Economic Analysis estimates GDP grew at the annual rate of 2.9 percent in the fourth quarter of 2017. But, according to the US Treasury, the National debt has grown to more than \$21 trillion. At USDA, we will do our part to reduce government spending. That is why we are committed to making USDA the most effective, most efficient, most customer-focused department in the Federal Government.

I would be happy to answer any questions at this time.