

**Statement by
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Before the Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
Committee on Appropriations**

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Mr. Chairman and distinguished Members of this Subcommittee, it is a privilege to appear before you today to provide an overview of the Department's proposed budget for fiscal year (FY) 2021. Joining me today are Robert Johansson, the USDA's Chief Economist, and Erica Navarro, USDA's Budget Officer.

Since we last met, USDA has worked diligently to implement the 2018 Farm Bill. Among our milestones, I committed to you last year we would offer the Dairy Margin Coverage (DMC) Program, a significant new risk management tool, in June of 2019, and we followed through. Implementation of conservation programs by the Farm Service Agency (FSA) and the Natural Resources Conservation Service (NRCS) is on track as well, including FSA's 54th Conservation Reserve Program general sign-up, which opened in December – another commitment kept. We established the U.S. Domestic Hemp Production Program in advance of the 2020 planting season and adapted several existing programs to this promising commodity not widely cultivated since 1937.

USDA has continued to work toward becoming the most effective, most efficient, and most customer-focused Department in the Federal government. USDA worked to create rural economic opportunities and improve the quality of life for rural Americans. Rural Development invested in new and improved high-speed e-Connectivity and electricity for 7 million residents and improved water and wastewater infrastructure for nearly 3 million rural customers. USDA also launched an initiative to provide comprehensive and timely support to veterans interested in opportunities in agriculture, agribusiness, and in rural America.

USDA made strides to reduce trade barriers and ensure farmers, ranchers, and food manufacturers and workers can fairly compete against anyone in overseas markets. Examples of

our accomplishments include securing full access for beef to Argentina and Japan, restoring market access for poultry and poultry products to China, improving access for wheat to Brazil, and guaranteeing rice access to the Korean market. In our effort to promote U.S. products around the world, USDA led six trade missions that enabled more than 170 U.S. companies and organizations to engage in 3,200 one-on-one meetings with foreign buyers. Our trade missions and 22 endorsed trade shows generated nearly \$3 billion in projected export sales, while our export financing programs supported another \$2 billion in exports in 2019. President Donald Trump, meanwhile, laid the foundation for a stronger farm economy through trade accomplishments like the Phase 1 Deal with China, USMCA, and trade agreement with Japan, which USDA will look to build upon in 2020.

As we served out our motto to “Do Right and Feed Everyone,” USDA finalized a rule that will encourage more American to enter, re-enter, and remain in the workforce, helping individuals and families start on a path to a better life. The Trump Administration has produced the longest economic expansion in U.S. history, with an unemployment rate of 3.6% over 6 million job openings. All individuals deserve the dignity of work and the lasting transformation it provides to achieve their own American dream. Congress asked us in the 2018 Farm Bill to focus on case management and promote the long-term success and self-sufficiency of SNAP recipients and just last week, we introduced a proposed rule that will strengthen the way states serve our customers through Employment and Training programs. We believe that human connection, not just a monthly SNAP benefit, has the power to change people’s lives.

USDA plowed ahead with IT modernization initiatives to improve customer experience. Customers can now discover our national treasures on Recreation.gov or save time and paperwork associated with disaster assistance, farm programs, and H2A applications on Farmers.gov, all using our interactive tools in the palm of their hand. USDA also developed dashboards across eight Mission Areas and seven administrative functions, which provide employees with sophisticated data analytics to improve internal decision-making and maximize the impact of customer-facing programs. USDA will continue innovating across the enterprise to achieve faster, easier, and friendlier programs, with a special focus on areas of greatest potential impact on customer service, like expanded payment options for farm programs, automated AGI

threshold compliance, and digital acreage reporting. In addition to supporting our customers digitally, USDA has also taken steps to ensure that our offices are staffed with employees that have the expertise that our farmers, ranchers, and rural residents need. I know Members who serve on this Committee and beyond share my goal to ensure USDA is adequately staffed to deliver efficient and effective service for our farmers, ranchers and rural communities. Even as USDA strives for innovation, automation, and business process re-engineering – customers will always count most on our people. For the fifth consecutive year, attrition at USDA outpaced hiring in Fiscal Year 2019. Our agencies hired 5,002 permanent employees, while 6,954 employees left USDA, most of whom were field based. Already in Fiscal Year 2020, USDA faces a deficit of hiring to attrition of nearly 600 employees. The pace of attrition places an extraordinary demand on a federal hiring process that is encumbered with hundreds of pages of requirements that frustrate qualified candidates and hiring managers alike. To help overcome this mounting challenge, USDA was granted temporary direct hire authority from the Office of Personnel Management for field and front-line positions in FSA, NRCS, Forest Service, Rural Development (RD), Food Safety and Inspection Service (FSIS), Agricultural Marketing Service (AMS), National Institute of Food and Agriculture (NIFA) and the Economic Research Service (ERS). We are holding continued discussions within the Administration on solutions to address this challenge. We look forward to communicating with Congress further when those discussions are completed.

2021 President's Budget

The President's Budget recognizes the overriding need to reduce the Federal deficit, and USDA shares in the responsibility of controlling Federal spending. There are proposals in the budget for USDA that will produce real savings in both mandatory and discretionary spending. The Budget includes proposals to cut programs that achieved their goals or do not work, eliminate wasteful or duplicative spending, streamline government operations, and limit spending to achieve deficit reduction goals. The President's 2021 Budget lays out a vision for a Federal government that is efficient, effective, and accountable.

USDA's total budget authority request pending before this Subcommittee proposes a total of \$146.1 billion in 2021, compared to \$147.1 billion in 2020. The discretionary appropriation request for this Subcommittee is \$18.1 billion, which is lower than the \$21.7 billion under the 2020 enacted levels.

For 2021, we will continue to prioritize customer service every day for our customers – the American taxpayers. We will strive to conduct the people’s business efficiently, effectively, and with the utmost integrity. We will promote the ability of America’s agricultural sector to produce and sell the food and fiber that feeds and clothes the world and to reap the earned reward of their labor. By promoting American agricultural products, we will work to remove obstacles and give farmers, ranchers, foresters, and producers every opportunity to prosper and thrive. Through our programs and working closely with our customers, we will facilitate rural prosperity through the expansion of rural business opportunities and improved infrastructure. We will also work to preserve the land. USDA will continue to ensure that all Americans have access to a safe and secure food supply.

Become the Best Managed Department in the Federal Government

As USDA continues to proficiently deliver our programs, the FY 2021 President’s Budget supports new and continuing investments in IT modernization to improve customer service and streamline and modernize rural and farm program and service delivery. In addition, the Budget continues support for the business functions of the FPAC Mission Area by streamlining service delivery between FSA, NRCS, and RMA to improve efficiency, effectiveness, and accountability. To maximize the effectiveness of these customer-focused improvements, the Department must modernize its own back-office technology capabilities. The Budget includes an increase of \$31.5 million to begin the transition to a modernized enterprise network in FY 2021.

In the National Capital Region (NCR), the Department is proceeding with the OneNeighborhood initiative to better utilize office space in the Washington, DC Headquarters Complex. The Budget requests \$153 million for the initiative to increase the occupancy capacity through life and health safety upgrades; space reconfigurations; and the replacement of outdated building systems. The efforts will allow the Department to reduce its lease costs in the NCR that amount to approximately \$40 million annually.

USDA is implementing the Continuous Diagnostics Mitigation program as required by the Department of Homeland Security. The Budget includes \$49 million to enhance cybersecurity capabilities for safety and security of government data and the network. The Budget provides \$8.5 million to develop and implement a budget spending and execution system that integrates with the financial system to allow the Department better stewardship of resources.

Additionally, \$2.5 million will support the Foundations for Evidence-Based Policymaking Act of 2018 and enterprise risk management development to provide an organizational view of risks and allow the Department to gauge which risk are directly aligned to achieving strategic goals and objectives resulting in the highest probability of impacting USDA's mission.

Create Conditions so Agricultural Operations Can Prosper, Fulfilling Their Mission to Feed, Fuel, and Clothe the World

Over the past year, USDA responded to circumstances that tested the resilience of American farmers with initiatives to facilitate economic conditions in which they can prosper. With the help of crop insurance, natural disaster assistance programs, and short-term trade mitigation programs, many producers are managing the stresses of these difficult times and are indicating increased optimism, particularly with expectations that trade partnerships will strengthen in the near future. As we implement the 2018 Farm Bill we will work toward achieving the primary goal of farm programs: to help farmers and ranchers manage risks and continue producing food, fiber, and fuel in good years as well as bad. The Budget provides \$4.6 billion for commodity program payments to maintain an effective farm safety net. Commodity programs are critical components of the farm safety net, serving to provide risk management and financial tools to farmers and ranchers. Approximately 1.7 million farms are enrolled in the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs, which are helping cushion the financial strain felt by producers due to continued low prices for many commodities.

In addition to mandatory funding provided by the 2018 Farm Bill, the President's Budget provides resources to help agricultural operations fulfill their mission to feed, fuel, and clothe the world. The Budget provides \$8.8 billion for the Federal crop insurance program, enough to provide crop insurance coverage for more than \$100 billion in crop value. Crop insurance provides farmers and ranchers a means to effectively manage their risk through difficult periods. The Budget includes \$79 million to fully support the estimated \$8.9 billion demand for farm loans that provide access to credit to about 35,000 farmers and ranchers to finance operating expenses, refinance debt or acquire a farm. It provides \$1.036 billion for the Animal and Plant Health Inspection Service to protect agriculture from pests and diseases, address sanitary (animal) and phytosanitary (plant) trade concerns, and enforce animal care legislation. For agricultural research and extension activities, the Budget includes a total of \$3.3 billion, including \$600 million for competitive grants through the Agriculture and Food Research

Initiative. The Budget includes a total of \$135 million for the National Bio and Agro-Defense Facility (NBAF) including operational and maintenance activities and funding to transition and expand the Agricultural Research Service and the Animal and Plant Health Inspection Service research and diagnostic programs at NBAF.

Expand Foreign Markets and Promote U.S. Products Around the World

USDA is committed to helping U.S. farmers and ranchers identify and access new export markets and expanding trade opportunities. It is critical that USDA work with the American food and agriculture community to ensure farmers, ranchers, and food manufacturers and workers can fairly compete against anyone in overseas markets. To support this mission, the Budget includes \$200 million to reduce trade barriers that disadvantage U.S. agricultural exports and to open new markets for U.S. farm products. Within this amount, funding is also requested to preserve or expand trade valued at \$8 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.

Facilitate Rural Prosperity and Economic Development

When rural Americans have increased access to infrastructure services, rural communities can make even greater economic contributions with healthy families and prosperous businesses. Economic and social science research informs decision-makers on current trends in rural America and gaps in existing markets, which USDA then uses to meet the needs of rural American businesses and citizens. USDA leverages funds and stimulates public-private partnerships to build rural infrastructure including: broadband, community facilities, healthcare services and facilities, and safe and affordable housing to help underserved communities become thriving communities.

In addition to \$690 million in program level for the telecommunication infrastructure program which supports communities with population of under 5,000, the Budget provides \$250 million in budget authority to support broadband loans, grants and loan/grant combinations that will provide high speed broadband services to communities with population under 20,000. It also provides \$30 million in budget authority for broadband grants to rural Americans who currently do not receive any broadband service.

The President's Budget supports \$5.5 billion in loans for rural electric improvements, benefiting over 5 million rural residents annually by expanding the use of smart grid technologies and other security and resiliency improvements. The Budget requests \$1.3 billion in direct loans and \$614 million in grants to improve and expand the water and waste disposal facilities in rural America. The Budget supports \$2.5 billion in Community Facilities Direct Loans and \$500 million in Community Facilities Guaranteed Loans for investment in critical community infrastructure, such as healthcare, safety, and educational facilities. The Budget also provides \$24 billion for the Single-Family Housing Guaranteed Loan Program to enable approximately 160,000 families to enjoy homeownership and \$230 million in multi-family guaranteed loans to support the development of more than 8,000 units for very low-, low-, and moderate-income rural residents. The Budget supports \$1.5 billion in program level in business and industry loan guarantees, which is expected to assist 433 businesses support nearly 11,000 jobs and diversify the rural economy.

Providing additional biofuels infrastructure across rural America will help improve the distribution of higher blends of ethanol and biodiesel and increase the domestic consumption of agricultural commodities. In support of this initiative, the Budget includes \$100 million to support grants and incentives to promote domestic ethanol and biodiesel infrastructure and consumption.

Provide All Americans Access to a Safe, Nutritious, and Secure Food Supply

USDA's nutrition assistance programs help ensure food security by providing access to a nutritious diet with an emphasis on those individuals facing need due to unemployment, recession, disaster, age, or disability. These programs also work to promote well-being by providing assistance to help ensure access to a diet consistent with the Dietary Guidelines for Americans. The Budget includes mandatory funds to support estimated participation levels under current law, including \$68.3 billion for the Supplemental Nutrition Assistance Program (SNAP), \$25 billion for Child Nutrition Programs, and \$5.5 billion for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Participation in these nutrition assistance programs is expected to continue declining with sustained economic growth that enables families to work toward self-sufficiency. The Budget includes nearly \$1.1 billion to fully fund the costs necessary to support over 8,700 FSIS personnel who ensure the safety of the Nation's meat, poultry, and egg products at over 6,400 processing, slaughter, and import establishments. The

U.S. has one of the safest food supplies on the planet. Over the last decade, USDA has modernized inspection systems to align with 21st century technology and to prevent the hazards that we cannot see — the invisible pathogens and microbes that cause foodborne illness. USDA is committed to using the best science and technology available to protect the American food supply and ensure the safety of meat, poultry, and processed egg products.

Program Reforms

The 2021 President’s Budget includes legislative proposals to reform programs to gain efficiencies, while contributing to deficit reduction efforts. This includes several legislative proposals that were included in the FY 2020 Budget to better target commodity conservation assistance and crop insurance that would generate savings of \$42.1 billion over ten years compared to current baseline spending. In addition, the Budget proposes to delink the Section 32 program from customs receipts and replace the receipt funding with direct mandatory appropriations. This proposal funds all of the current Section 32 nutrition programs and provides stable funding for surplus commodity donations. The Budget’s proposals will ensure stable historical levels of funding for all the nutrition programs that have traditionally benefited from these activities while also increasing transparency, improving operational efficiency, generating savings of \$5.1 billion over 10 years.

The Budget also supports a foundational principle that those who need assistance have access to wholesome and healthy foods. The Budget includes an approach to nutrition assistance that combines the use of traditional SNAP Electronic Benefit Transfer cards with a USDA Harvest Box that contains 100-percent American grown products. States would have the ability to provide choice to their recipients, including innovative approaches for the inclusion of fresh products. The Budget also includes proposals to reserve benefits for those most in need, promote efficiency in State operations, and strengthen program integrity. The Budget includes SNAP proposals that have the potential to reduce waste, fraud, and abuse by limiting opportunities for benefits to be misused or trafficked, along with funding for improved Federal monitoring and oversight and enhanced data matching. Combined, these reforms to nutrition assistance programs maintain the Administration’s commitment to ensuring Americans in need of assistance have access to a nutritious diet while reducing the cost to taxpayers by approximately \$182 billion over 10 years.

Conclusion

In the face of a growing national debt, the President has offered a fiscally responsible budget that no longer puts off the tough decisions to future generations. At USDA, we will do our part to improve customer service while reducing our economic and regulatory impact. Before I conclude, I want to thank our dedicated employees, without whom our service to rural America would not be possible. In 2019, we asked more of our people than perhaps at any other point: implementation of a new Farm Bill, execution of two Support Packages for Farmers, implementation of a supplemental disaster assistance program and its subsequent revisions, all in addition to their normal operations. It is a privilege to lead OneUSDA, while we strive to “Do Right and Feed Everyone.”

Thank you for the opportunity to testify this morning. I would be happy to answer any questions at this time.