

**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. Senate
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Mr. Chairman and distinguished members of this Subcommittee, I appreciate the opportunity to appear before you to discuss the Administration's priorities for the Department of Agriculture (USDA) and provide you an overview of the President's 2018 budget. Joining me today are Robert Johansson, USDA's Chief Economist, and Michael Young, USDA's Budget Officer.

A Strong Vision for Agriculture

It is an honor to be with you today as the nation's 31st Secretary of Agriculture. I am truly humbled by the opportunity to serve the American people and our farmers, and I assure you I will work tirelessly on their behalf. I thank you for the opportunity to appear before you today, and I look forward to working with you in the coming months and years as we can continue our nation's agricultural preeminence, building on the innovative progress of years gone by and growing to meet the needs and demands of customers and consumers here in America and around the world.

While I am new to the federal budget process, I know firsthand the challenges related to developing and enacting budgets at the state level. As governor, I reformed state budget priorities to transform a budget deficit into a surplus, improved program performance, and helped Georgians create more than 200,000 new jobs. Now, in my role as Secretary of Agriculture, I will be the leading advocate for rural America and agricultural producers, bringing to the Department the same energy and creativity I brought to my job as Governor. As U.S. Secretary of Agriculture, I have set four goals for my time as Secretary.

First, I will maximize the ability of the men and women of America's agriculture and agribusiness sector to create jobs, to produce and sell the foods and fiber that feed and clothe the world, and to reap the earned reward of their labor. We want to remove obstacles, and give them every opportunity to prosper.

Today, we need to feed some 7 billion people. By the year 2050, that population will swell to 9.5 billion, over half of which will be living in under-developed conditions. Also, the demographics of that population will change over time. If we examine the data available, we can see that our global population is aging, and by the year 2050, more of the population will be older than 65 than younger than five years of age. What this means is that as we move forward, the dietary demands of the global population are going to change. We are also going to see stronger middle classes in developing countries that will join the already strong middle classes in the developed world. This means that the demand for meat will grow exponentially as will the demand for grain production. To put the demand for food into perspective, we are going to have to double our production between now and 2050. We will have to produce more food in the next 30 years than has been produced in the last 8,000 years – a daunting task, to say the least. Rest assured it is a task that USDA is ready to take on.

That being said, we cannot feed the world if we continue to place obstacle after obstacle in front of those who produce our food and fiber. People in agriculture used to fear disease and drought as the greatest threats to their livelihoods and their mission of feeding their neighbors and the world. Those hazards remain, but now too often it is the government – through interference and regulation – that poses the most existential threat to American farmers and producers. We aim to put a stop to that. As you may know, the President recently announced the creation of the Interagency Task Force on Agriculture and Rural Prosperity. With USDA as chair, we will examine, consider and take actions to address current barriers to economic prosperity and the welfare of communities in rural America, including how innovation and modern technology, and infrastructure play a critical role in fully bringing communities into the 21st century. This multi-department group will find ways to improve regulatory flexibility and provide relief for farms and small businesses. We will examine how the federal government does business and how that impacts rural communities, and food and fiber production. And, we will, at every turn, ensure that decisions and actions are founded in principles of sound science and validated facts. The questions we are asking at USDA, and that I will be asking the task force, are fundamental to this process: How do we impact jobs and job creation; are we doing things that make sense; do the costs outweigh the benefits; and, is there better way or better place we can do it? We have a lot to tackle. It is long overdue and must and will be done.

Another key issue that I hear about is the continued instability in the agricultural workforce. This instability often limits not only farmer's ability to grow their businesses but also consumers' access to freshly grown, local products. It is my priority to ensure farmers and ranchers have access to a legal and stable workforce and I look forward to working with the President, Congress, and with the other stakeholders to find a solution.

We must also work with our producers to expand foreign markets to sell their products. Ninety-five percent of the world's consumers live outside of our borders. That means our trade agreements open a world of opportunities for American businesses. In fiscal year (FY) 2016, American agricultural producers achieved \$129.7 billion in exports, and FY 2017 exports are projected to reach \$136 billion. Agricultural exports totaled over \$1 trillion for the period FY 2009 through FY 2016, the best eight year stretch in history, and agriculture has produced a trade surplus each year since the 1960s. Agricultural exports support more than 1 million American jobs both on and off the farm each year, a significant part of the estimated 11.5 million jobs supported by total exports all across the country. Agricultural exports support farm income, which translates into more economic activity in rural areas. Each dollar of agricultural exports is estimated to stimulate another \$1.27 in business activity.

However, the slowing global economy and appreciating dollar have put unprecedented competition on U.S. farmers. Many countries do not respect fair trading rules that have already been agreed to as part of previous agreements and many others insist on enforcing trade barriers to our products that are not based on sound science. I assure you that USDA will use all the instruments available to us to ensure our agricultural producers and products get fair treatment in foreign markets. This Administration will not stand idly by as other countries try to take advantage.

In addition, on May 11, 2017, I directed a reorganization of USDA to focus our attention keenly on agricultural trade, consistent with direction from the 2014 Farm Bill. The newly established Under Secretary for Trade and Foreign Agricultural Affairs will be responsible for coordinating agency efforts at opening new and protecting current markets. I believe Congress had great forethought in including this provision in the Farm Bill, and this will strengthen USDA's ability to ensure a level playing field for U.S. farmers and ranchers in the global marketplace. Moreover, the Under Secretary for Trade will bring new energy and support to our interagency relationships with the Commerce and the U.S. Trade Representative.

As part of that reorganization, and touching on the equally important priority of customer service, we are combining the critical functions in our Farm Service Agency, Risk Management Agency, and Natural Resources Conservation Service under a single umbrella to ensure our services to farmers and ranchers are efficient, streamlined, and deliver the results that our producers expect and need. Our customers will have a one stop shop, with common leadership and one voice, to provide the services they need. The walls are coming down, and our employees will be empowered to work together to serve USDA's customers. I am also elevating our Rural Development program to report directly to my office. The economic vitality of small towns across America is crucial to the future of the agriculture economy, and we will be leveraging USDA's expertise in rural development as the Administration works to increase investments in America's infrastructure.

Through these, the Department's further reorganization proposals that are being developed as part of the Administration's government-wide reorganization effort, and other actions, USDA will prioritize customer service every day, across the mission areas. Our customers expect, and have every right to demand, that we conduct the people's business efficiently, effectively, and with the utmost integrity. Arguably, no other Federal agency has more direct interface with Americans than does the Department of Agriculture. In the Food and Nutrition Services alone, we serve one in four Americans every year, including more than 30.6 million children per day who benefit from a healthy meal at school and the 42.8 million participants in the Supplemental Nutrition Assistance Program each month. We touch millions of Americans through a host of other programs, as well. If we take into account our farm services, rural development, conservation, extension and education programs, we touch every single facet of American life. If we are to do the best for our producers and feed the world by 2050, we must not only continue to provide top rate customer service, but we must also develop strong partnerships so that we can face our challenges together. Together with our 100,000 plus employees spread across thousands of locations around the United States and the globe, I know we can make USDA the best agency in the country.

Next, since our taxpayers are also consumers, we know they expect a safe and secure food supply, and USDA is committed to continue to serve in the critical role of ensuring the food we put on the table to feed our families meets the strict safety standards we've established. By having

the best science and data, we will be able to make strong strategic decisions that will transcend generations.

And, last but certainly not least, we must preserve the land—and we must relentlessly pursue clean air and water. Stewardship is not optional for farmers, producers and ranchers. American agricultural bounty comes directly from all the resources used to produce food and fiber. Today, that land and those resources sustain more than 320 million Americans and countless millions more around the globe. My father’s words still ring in my ears, “Son, if you take care of the land, it will take care of you. Owned or rented, we’re all stewards, and our responsibility is to leave it better than we found it.” Without proper care, our resources could be squandered. Science and hard work will help us find the best ways to produce our crops, be mindful of our use of inputs, preserve the soil, keep our air and water clean, and allow us to live in a better place than we found when we started. Rather than clearing another acre of land, let’s first seek out ways to produce more with what we already have. If we live by these principles, we can preserve our wetlands, our watersheds, our forests, our prairies and our ecosystems for generations to come.

The President’s 2018 Budget

I am here today to present to you the Administration’s budget for the Department. The President’s Budget for 2018 for USDA programs within this Subcommittee is about \$135 billion, of which approximately \$122 billion is mandatory funding. The majority of these funds support crop insurance, nutrition assistance programs, farm commodity and trade programs and a number of conservation programs. For discretionary programs of interest to this Subcommittee, our budget proposes a net budget authority of about \$13 billion, approximately \$5 billion below the 2017 annualized continuing resolution. The Budget includes mandatory funds to fully support estimated participation levels for Child Nutrition programs and discretionary funds to fully serve the expected participation in the Special Supplemental Nutrition Program for Women, Infants, and Children. It includes the funding needed to meet our responsibility for providing inspection services to the Nation’s meat and poultry establishments.

As access to credit remains a significant issue for producers, the Budget supports a loan level of approximately \$7 billion to support farm ownership and operating loans for about 42,000

producers. Recent demand has led to full utilization of the program level for farm operating loans for FY 2016, with record loan levels at \$6.3 billion. 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. As research is critical to fostering innovation needed to increase production, the Budget proposes \$2.5 billion for high priority agricultural research, including about \$350 million for the Agriculture and Food Research Initiative and \$64 million to conduct the Census of Agriculture. The Budget also includes a total of \$810 million to protect agricultural resources from pest and disease.

USDA will continue to assist rural communities with resources to promote economic development and revitalization, job growth and infrastructure improvements. These investments include \$3 billion, an increase of \$800 million, for the Community Facilities direct loan program to provide funding for critical rural infrastructure. We are also proposing an increase of about \$162 million to establish a new grant account for the purpose of supporting economic infrastructure development across Rural America. Funding will support activities aimed at improving the quality of life in rural areas, such as broadband deployment in remote rural areas.

I have learned that USDA's annual appropriations is very complex. I would like to work with you, as well as the authorizing committees, to make USDA a more nimble and effective organization. Looking forward, I am sure there are many ways we can make USDA programs work better for the constituents we serve. Particularly as Congress works toward developing the next Farm Bill, I am prepared to work with Members and our stakeholders to seek solutions to our common challenges, while remaining accountable to the people.

As I recently informed the House Agriculture Committee, I am confident in the future of rural America and see opportunities for us to continue to strengthen this outlook and create opportunities for rural America. I look forward to working with this Subcommittee to fulfill the President's goals and our key responsibilities for the long term benefit of producers and all Americans.

I will be glad to answer questions you may have at this time.