

UNITED STATES DEPARTMENT OF AGRICULTURE

SECRETARY OF AGRICULTURE

NAME

TITLE

Thomas Vilsack

Secretary of Agriculture

Kathleen Merrigan

Deputy Secretary of Agriculture

W. Scott Steele

**Budget Officer, Department of
Agriculture**

**Statement by
Thomas Vilsack
Secretary of Agriculture
Before the Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
Committee on Appropriations, U.S. Senate
March 2, 2010**

Mr. Chairman and distinguished members of this Committee, I appreciate the opportunity to appear before you as Secretary of Agriculture to discuss the Administration's priorities for the Department of Agriculture (USDA) and provide you an overview of the President's 2011 budget. I am joined today by Deputy Secretary Kathleen Merrigan and Scott Steele, USDA's Budget Officer.

I don't need to tell you that the American people have been struggling through the most serious economic recession since the Great Depression. Families have been forced to make difficult decisions in the face of unprecedented job losses. The immediate effects of being unemployed are felt deeply by the unemployed and their families. We have seen more and more Americans relying on USDA to help put food on the table.

The challenges facing rural communities for decades have grown more acute, which is why the Obama Administration is committed to new approaches to strengthen rural America. Rural Americans earn less than their urban counterparts, and are more likely to live in poverty. More rural Americans are over the age of 65, they have

completed fewer years of school, and more than half of America's rural counties are losing population.

This year, President Obama took steps to bring us back from the brink of a depression and grow the economy again. But with the unsustainable fiscal policies over the past decade, it's time to get our fiscal house in order.

The President has announced the three year, non-security discretionary spending freeze for the remainder of his term. This is a freeze on the bottom line rather than an across-the-board freeze on all line items in the budget, which provides the flexibility to achieve high priority goals by reducing funding for lower priority, duplicative, or non-performing programs. USDA's proposed FY 2011 budget is a reflection of that policy, essentially freezing funding for on-going discretionary programs at the FY 2010 level. When limits placed on select programs and efforts to eliminate earmarks and one-time funding are taken into account, USDA's total discretionary budget authority is reduced by over \$1 billion. The decrease is primarily due to reductions in one-time funding such as earmarks, supplementals, rescissions, and targeted program reductions. However, USDA's total budget authority request pending before this committee proposes a total of \$129.6 billion in 2011, up from \$119.3 billion in 2010, primarily due to an anticipated increase in nutrition assistance program participation and mandatory expenditures for crop insurance. The discretionary appropriation request for this committee is \$21.5 billion, which is comparable to the \$21.7 billion enacted for 2010.

The 2011 budget request supports the Administration's vision for a strong rural America through the achievement of four strategic goals. Achievement of these goals will ensure that all of America's children have access to safe, nutritious, and balanced meals; create new economic opportunities for increasing prosperity; strengthen agricultural production and profitability through the promotion of exports with a specific emphasis on biotechnology while responding to the challenge of global food security; and ensure the Nation's national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources.

With the help of this Committee and the funding provided by the Recovery Act, USDA has been able to achieve significant accomplishments over the past year. Some of these accomplishments include:

- SNAP has improved the diets of more than 38 million low-income people now served by the program;
- The financial distress of over 2,600 producers in 47 States has been relieved through direct farm operating loans. Nearly 20 percent of beginning farmers and socially disadvantaged producers obtain at least part of their credit needs from USDA;

- Critical rural infrastructure improvements have been made that will provide nearly 1 million Americans with improved access to safe drinking water, improve facilities for 655 communities, including many that provide health care service and educational opportunities, and create 84,000 housing opportunities for families. USDA has made investments to improve watershed and flood control on 37,000 acres in 36 States. These actions have created thousands of jobs, while investing in projects that will provide benefits for years; and,
- USDA has made available \$2.5 billion to expand and enhance the Nation's access to broadband services. USDA has taken a particular interest in addressing the needs of unserved and underserved rural areas. Broadband projects will support anchor institutions – such as libraries, public buildings and community centers – that are necessary for the viability of rural communities. USDA announced initial awards of \$54 million in December 2009. A second USDA announcement of \$310 million was made on January 25, 2010. A third USDA announcement of \$277 million was recently made on February 17, 2010. The second solicitation of applications was published in the Federal Register on January 22, 2010; applications are being accepted through March 15, 2010. This funding will open the door to new businesses that serve global as well as local customers as well as improve the educational and medical opportunities for rural residents.

Ensuring that All of America's Children Have Access to Safe,
Nutritious, and Balanced Meals

A major priority for the Department is ensuring a plentiful supply of safe and nutritious food, which is essential to the well-being of every family and the healthy development of every child in America. A recent report by the Department showed that in over 500,000 families with children in 2008, one or more children simply do not get enough to eat. There is a growing body of evidence demonstrating that children who eat poorly or who engage in too little physical activity do not perform as well as they could academically, and that improvements in nutrition and physical activity can result in improvements in academic performance. Too many children also have poor diets and gain excessive weight. Recent data shows that the prevalence of obesity has increased over 10 percent, to a level of 17 percent for children between 6 and 19 years of age. There is also a paradox that hungry children are disproportionately prone to obesity. Having poor access to healthy food contributes significantly to both of these problems.

Nutrition Assistance:

The budget fully funds the expected requirements for the Department's three major nutrition assistance programs – the National School Lunch Program, WIC, and SNAP – and proposes \$10 billion over 10 years to strengthen the Child Nutrition and WIC programs through reauthorization.

School lunch participation is estimated to reach a record-level again in 2011, 32.6 million children each day, up from about 32.1 million a day in 2010. This is consistent with the increase in the school age population.

The reauthorization of the Child Nutrition Programs presents us with an important opportunity to combat child hunger and improve the health and nutrition of children across the nation. The 2011 budget proposes a historic investment of \$10 billion in additional funding over ten years to improve our Child Nutrition Programs and WIC. It is designed to significantly reduce the barriers that keep children from participating in school nutrition programs, improve the quality of school meals and the health of the school environment, and enhance program performance. Funding will be used to improve the quality of the National School Lunch and Breakfast Programs, increase the number of kids participating, and ensure schools have the resources they need to make program changes. With this investment, additional fruits, vegetables, whole grains, and low-fat dairy products will be served in all school cafeterias and an additional one million students will be served through school lunch programs in the next five years. Improving these programs directly supports the First Lady's "Let's Move" campaign aimed at achieving the ambitious national goal of solving the challenge of childhood obesity within a generation so that children born today will reach adulthood at a healthy weight.

To ensure USDA makes progress to decrease the prevalence of obesity among children and adolescents, and to improve the quality of diets, the budget includes an increase of \$9 million. The increase will allow USDA to strengthen systematic review of

basic, applied, and consumer research that provides the information necessary to answer questions about diet, health, education, and nutrition-related behaviors. This will ensure that that USDA and other Federal agencies can describe the best nutritional behaviors and develop the best ways of communicating this information to help Americans improve their diets. The increased funding will also be used to create more effective nutrition education interventions for schools and communities, and broaden and maintain tools and systems that Americans can use to adopt more healthful eating and active lifestyles, in particular reducing overweight and obesity. The 2011 budget includes an increase of \$50 million for research through AFRI that will focus on identifying behavioral factors that influence obesity and conducting nutrition research that leads to the development of effective programs to prevent obesity. AFRI funding will also focus research on addressing the micronutrient content of new food crops and improving the nutritional value of staple crops, fruits and vegetables through plant breeding leading to greater access to healthy foods.

The budget includes \$7.6 billion for WIC, which will support the estimated average monthly participation of 10.1 million in 2011, an increase from an estimated 9.5 million participants in 2010. The request is \$351 million above the 2010 appropriation and supports a robust contingency fund. Highlights include expanding the breastfeeding peer counseling program, doubling the size of the breastfeeding recognition program, supporting Management Information Service improvements and program research and evaluation, and providing a \$2 increase in the value of the fruit and vegetable voucher for children. WIC administrative activities are also funded, which

will facilitate continued implementation of the revised WIC food packages, required to be implemented at the beginning of FY 2010. The changes in the food packages bring recipient diets into better conformance with the Dietary Guidelines for Americans and feeding recommendations for small children. Fruits, vegetables and whole grains were added to the WIC packages, mostly for the first time. Fruit and vegetable consumption is expected to increase significantly via the new cash value vouchers recipients will receive, improving nutritional intake, improving long-term eating habits, and improving the economics for our fruit and vegetable producers. Recipients will use their new vouchers to purchase fresh, frozen or canned fruits and vegetables year round.

Participation in SNAP is estimated to be about 40.5 million participants per month in 2010, and is projected to increase to 43.3 million in 2011. The budget estimates a total of \$80.2 billion is needed in 2011 to fund all expected costs and includes a \$5 billion contingency fund recognizing the uncertainty USDA faces in estimating actual participation. The Recovery Act increased SNAP benefits \$80 a month for a family of four and will continue until the statutory cost of living adjustments (COLA) eclipse the Recovery Act benefit levels.

For 2011, we need to continue to support America's families as they recover from the current economic crisis many of them find themselves in. Fortunately, SNAP is working as it should with participation increasing as the people in need increase. However, changes need to be made to ensure that participants are treated fairly and equitably and that the resources being delivered foster economic mobility. For these

reasons, we are proposing to improve the accessibility to SNAP. The main legislative proposal for SNAP would establish a common, national asset allowance for means test of \$10,000 for programs government-wide. Programs with asset limits currently treat assets inconsistently and without regard of the need to allow and encourage families to save toward self-sufficiency. SNAP asset limits have been held for decades at \$2,000 for most households and \$3,000 for households with elderly. In addition, a second proposal would exclude lump sum tax credits to prevent disruption in eligibility and benefits in the wake of new and refundable tax credits, and the administrative churning this creates. A third proposal would extend the Recovery Act provision that waives time limits for Able-Bodied Adults Without Dependents (ABAWDs) for an additional fiscal year. In total, these changes to SNAP would add \$462 million to recipient benefits and SNAP program costs in 2011 with a 5-year total of \$4.5 billion.

The budget also includes increased funding for staffing needed to strengthen USDA's ability to simplify and improve the nutrition assistance programs, enhance capacity to improve nutritional outcomes, and encourage healthy and nutritious diets and expand an obesity prevention campaign through efforts supported by the Food and Nutrition Service.

Food Safety:

Protecting public health is one of the most important missions of USDA. Foodborne illness is recognized as a significant public health problem in the United

States. These illnesses can lead to short and long-term health consequences, and sometimes death. I am firmly committed to taking the steps necessary to reduce the incidence of food-borne illness and protect the American people from preventable illnesses. Over the past year, we have striven to make improvements to reduce the presence of deadly pathogens and we continue to make improvements. At USDA, about 8,500 inspectors work in approximately 6,300 slaughtering and processing establishments, import houses, and other Federally-regulated facilities to ensure that the nation's commercial supply of meat, poultry, and egg products is safe, wholesome, and correctly labeled and packaged. A major focus is implementing the recommendations of the President's Food Safety Working Group (FSWG) in accordance with three core food safety principles:

- Preventing harm to consumers;
- Conducting analyses needed for effective food safety inspections and enforcement; and,
- Identifying and stopping outbreaks of foodborne illness.

The budget includes \$1 billion for the Food Safety and Inspection Service to fully fund inspection activities and implement recommendations of the FSWG and other initiatives aimed at improving USDA's public health infrastructure. This includes an increase of \$27 million to further implement recommendations of the FSWG and strengthen our public health information infrastructure. Increased funding will be used to enhance FSIS' ability to collect, analyze and present food safety data necessary for

improving inspection practices. Additionally, FSIS will hire more epidemiologists to improve investigations of foodborne illness and outbreaks in coordination with State officials to develop “trace back” tools and improve record-keeping. These improvements will decrease the time necessary to identify and respond to foodborne illness outbreaks, which will better protect consumers by improving our capability of identifying and addressing food safety hazards and preventing foodborne illness.

USDA research continually works to meet the evolving threats to the Nation’s food supply and focuses on the reduction of the hazards of both introduced and naturally occurring toxins in foods and feed. As part of an integrated food safety research initiative, the budget proposes an increase of \$25 million, including \$20 million for AFRI and \$5 million for the Agricultural Research Service. This initiative will strengthen surveillance and epidemiology programs, develop improved methods for controlling food pathogens in the preharvest stage, develop innovative intervention strategies to eliminate pathogens and contaminants, and improve technologies for ensuring postharvest safety and quality.

Minimizing the Impact of Major Animal and Plant Diseases and Pests:

The budget includes \$875 million in appropriated funds for the Animal and Plant Health Inspection Service (APHIS) to protect agricultural health by minimizing major diseases and pests. APHIS activities that contribute to this goal include pest and disease exclusion, plant and animal health monitoring, response to outbreaks of foreign

plant and animal threats, and management of endemic pests and diseases. Of note, the 2011 budget includes \$11 million to continue efforts initiated with emergency funding to address the light brown apple moth (LBAM). This is an increase of \$10 million compared to 2010. The LBAM is an invasive pest that attacks a wide variety of plants of agricultural or horticultural significance. APHIS estimates the pest could cause annual production losses up to \$1 billion if allowed to spread.

Assisting Rural Communities to Create Prosperity

The economic downturn has impacted many sectors and areas of the Nation, including rural America. At this time, there remains high poverty in sparsely populated rural areas, which is reflected in higher mortality rates for children, higher unemployment, and declining populations. Since the beginning of the economic slowdown, rural residents have experienced a greater decline in real income compared to other parts of the Nation. Some factors contributing to this include lower rural educational attainment, less competition for workers among rural employers, and fewer highly skilled jobs in the rural occupational mix. It is not surprising that over 51 percent of rural counties lost population and that a majority of farm families rely on a significant amount of off-farm income to meet their needs. However, an energetic and creative citizenry is looking for new ways to spur rural economic activity to create prosperity and strengthen the economic foundations of their communities.

After a year as the United States Secretary of Agriculture, I have reached the conclusion that we must overhaul our approach to economic development in rural America. During the past year, at the instruction of President Obama, I worked on the elements of a new rural economy built on a combination of the successful strategies of today and the compelling opportunities of tomorrow. The framework of the new effort recognizes that the rural economy of tomorrow will be a regional economy. No one community will prosper in isolation. Further, USDA must help create economic opportunities in America's rural communities by expanding broadband access, promoting renewable energy, increasing agricultural exports, taking advantage of ecosystem markets, capitalizing on outdoor recreation, pursuing research and development, and linking local farm production to local consumption. The common goal is to help create thriving rural communities where people want to live and raise families and where the children have economic opportunities and a bright future.

The 2011 budget will assist rural communities to create prosperity so they are self-sustaining, economically thriving, and growing in population. With the assistance of the Committee, we have already taken important steps in this effort. With funding from the Recovery Act, we supported farmers and ranchers and helped rural businesses create jobs. Investments were made in broadband, renewable energy, hospitals, water and waste water systems, and other critical infrastructure that will serve as a lasting foundation to ensure the long-term economic health of families in Rural America.

This budget includes almost \$26 billion to build on this progress and focuses on new opportunities presented by producing renewable energy, developing local and regional food systems, capitalizing on environmental markets and making better use of Federal programs through regional planning.

Facilitating the Development of Renewable Energy:

On February 4, 2010, the President laid out his strategy to advance the development and commercialization of a biofuels industry to meet or exceed the Nation's biofuels targets. Advancing biomass and biofuel production that holds the potential to create green jobs, which is one of the many ways the Obama Administration is working to rebuild and revitalize rural America. In support of this effort, USDA's budget includes funding for a variety of renewable energy programs across the Department. These programs help ensure that farmers and ranchers are able to capitalize on emerging markets for clean renewable fuels and help America achieve energy independence and reduce greenhouse gas emissions.

The 2008 Farm Bill provided significant mandatory funding to support the commercialization of renewable energy. The 2011 budget builds on this investment by providing an increase of \$17 million in budget authority to support \$50 million in loan guarantees for the Biorefinery Assistance Program. The budget also maintains the budget authority for the Rural Energy for America Program (REAP) at \$39.3 million. The

budget allocates most of the funding to grants rather than loans, because grant applicants will be able to more efficiently leverage greater amounts of private sector investment.

The Department will also focus additional research investments on the production of energy crops and the development of renewable energy processing. The 2011 budget includes an increase of \$33 million for a comprehensive research program in alternative and renewable energy within the Agriculture and Food Research Initiative (AFRI) competitive grant program. This will advance the development of dedicated, bioenergy feedstocks, and feedstock production. The budget also proposes an increase of \$10 million for in-house research for the establishment of regional biofuels centers dedicated to the development of energy feedstocks and bioenergy feedstock production systems for different regions across the Nation.

Developing Local and Regional Food Systems:

With the growing interest among consumers in eating healthy foods and knowing where their food comes from, promoting local and regional food systems can offer win-win solutions for all involved.

USDA's "Know Your Farmer, Know Your Food" Initiative will work to reduce the barriers to local and regional food production, such as the lack of local meat processing and packing capacity, and promote opportunities to increase local and regional food

production and purchasing, such as supporting school purchases of local and regional foods.

There exists great potential to create new economic opportunities for rural America by strengthening local and regional food systems. Currently, many communities across America have limited access to healthy foods, which can contribute to a poor diet and can lead to higher levels of obesity and other diet-related diseases, such as diabetes and heart disease. Most often, these communities are also economically distressed and less attractive to grocery stores and other retailers of healthy food.

To address this problem, the Departments of Agriculture, Health and Human Services, and Treasury will implement the Healthy Food Financing Initiative to provide incentives for food entrepreneurs to bring grocery stores and other healthy food retailers to underserved communities. Under this initiative, over \$400 million will be made available in financial and technical assistance to community development financial institutions, other nonprofits, public agencies, and businesses with sound strategies for addressing the healthy food needs of communities. For USDA, the budget includes about \$50 million in budget authority for loans, grants, and technical assistance to support local and regional efforts to increase access to healthy food, particularly for the development of grocery stores and other healthy food retailers in urban and rural food deserts and other underserved areas.

Capitalizing on Environmental Markets:

As America's farms and forests hold a tremendous potential for sequestering carbon, improving water quality, and preserving biodiversity the budget requests the resources necessary to conduct government-wide coordination activities that will serve as the foundation for the establishment of markets for these ecosystem services.

Through the Office of Ecosystem Services and Markets and the Office of the Chief Economist, the Department will establish technical guidelines that outline science-based methods to measure the environmental services benefits from conservation and land management, pursuant to the 2008 Farm Bill.

USDA conducts research that contributes to the development of climate change mitigation and adaptation tools and technologies, and USDA outreach and extension networks make them available to farmers, ranchers, and land managers. The 2011 budget includes an increase of \$50 million within AFRI for global climate change research to develop mitigation capabilities and adaptive capacities for agricultural production. The budget also proposes an additional \$5.4 million for ARS to conduct research that will increase the resilience of crops so they can thrive in variable and extreme environments, as well as focus on mitigating the effects of climate change by ensuring the availability of water through improved management.

Regional Innovation Initiative:

In addition to these priorities, the 2011 budget maintains support for USDA's key rural development programs, including \$12 billion for single family housing loan guarantees and nearly \$1 billion in guarantees for business and industry loans. These programs not only provide needed assistance to rural families and the capital needed to create jobs, they also create the foundation needed to improve rural markets and communities which is essential for long-term economic growth.

In order to utilize the Federal government's assets more effectively, USDA's Rural Innovation Initiative will promote economic opportunity and job creation in rural communities through increased regional planning among Federal, State, local and private entities. By creating a regional focus and increasing collaboration with other Federal agencies, USDA resources will have a larger impact, enabling greater wealth creation, quality of life improvements, and sustainability.

To support this initiative, USDA requests authority to set aside up to 5 percent of the funding within approximately 20 existing programs, approximately \$280 million in loans and grants, and allocate these funds competitively among regional pilot projects tailored to local needs and opportunities. This will encourage regional planning and coordination of projects that are of common interest throughout self-defined regions. This approach will also support projects that are more viable over a broader region than scattered projects that serve only a limited area. It will also help build the identity of

regions, which could make the region more attractive for new business development, and provide greater incentives for residents to remain within their home area.

Broadband:

Although funding for broadband under the Recovery Act will end in 2010, USDA will continue to make broadband loans and grants under the authorities provided by the 2002 Farm Bill, as amended by the 2008 Farm Bill. The 2011 budget provides \$418 million in loans and grants for this purpose.

Promote Agricultural Production and Biotechnology Exports as
America Works to Increase Food Security

We will also give priority to promoting the production of food, feed, fiber, and fuel, as well as increased exports of food and agricultural products, as we work to strengthen the agricultural economy for farmers and ranchers. America's farmers and ranchers are the most productive and efficient in the world and the U.S. agricultural sector produces \$300 billion worth of farm products providing a major foundation for prosperity in rural areas as well as a critical element of the Nation's economy.

The Department provides a strong set of financial safety net programs to ensure the continued economic viability and productivity of production agriculture, including farm income and commodity support programs, crop insurance and disaster assistance,

as well as other programs. The farm safety net is critically important and provides the foundation for economic prosperity in rural America. For 2011, USDA estimates that roughly \$17 billion in total direct support will be provided to farm producers and landowners through a variety of programs.

Recognizing the need to reduce the deficit, the budget proposes to better target direct payments to those who need and can benefit from them most as well as cap total payments paid to larger operations. For 2011, legislation will be proposed to build on reforms made by the 2008 Farm Bill by reducing the cap on direct payments by 25 percent and reducing the Adjusted Gross Income (AGI) payment eligibility limits for farm and non-farm income by \$250,000 over three years. The savings from these proposals will impact approximately 30,000 program participants, which is about 2 percent of the 1.3 million total program participants, and will over time comprise less than 2 percent of the total direct support the Department expects to provide annually to farm producers and landowners.

The Federal crop insurance program is an important part of the farm safety net. It allows producers to proactively manage their risks associated with losses from weather, pests and diseases, and financial risks associated with price fluctuations. The stability provided by crop insurance has become an important factor used by commercial banks to determine the credit worthiness of their agricultural borrowers.

The budget also reflects savings expected to be achieved through reforms in the Federal crop insurance program the changes we are proposing will help protect farmers from higher costs, rein in costs for taxpayers, improve access to crop insurance and provide greater protection from crop losses. Negotiations are currently underway with the crop insurance industry to restructure the contract that governs their delivery of the crop insurance program. The proposed new Standard Reinsurance Agreement (SRA) includes six primary objectives, which will (1) maintain producer access to critical risk management tools; (2) realign administrative and operating subsidies paid to insurance companies closer to actual delivery costs; (3) provide a reasonable rate of return to the insurance companies; (4) equalize reinsurance performance across States to more effectively reach under-served producers, commodities, and areas; (5) enhance program integrity; and (6) simplify provisions to make the SRA more understandable and transparent.

These objectives align with RMA's primary mission to help producers manage the significant risks associated with agriculture. By achieving these six objectives, the new SRA will ensure financial stability for the program and the producers it serves, while increasing the availability and effectiveness of the program for more producers and making the program more transparent. The new agreement will also provide insurance companies with greater flexibility for their operations and financial incentives to increase service to underserved producers and areas, while ensuring that taxpayers are well-served by the program.

National Export Initiative:

Agricultural trade contributes directly to the prosperity of local and regional economies across rural America through higher commodity prices and increased sales. USDA estimates that every \$1 billion worth of agricultural exports supports 9,000 jobs and generates an additional \$1.4 billion in economic activity. At the same time, however, foreign trade barriers limit exports, thereby reducing farm income and preventing job growth in the agricultural sector.

USDA has an important role in expanding export opportunities for our food and agricultural products. As part of the Administration's National Export Initiative, the budget proposes increased discretionary funding of \$54 million to enhance USDA's export promotion activities. The initiative includes increases of \$34.5 million to supplement funding for the Foreign Market Development Program – commonly known as the Cooperator Program – and \$9 million for the Technical Assistance for Specialty Crops Program. This funding will be in addition to that provided to the programs by the Commodity Credit Corporation and will double the level of funding available to the programs in 2011.

Increased funding of \$10 million is also requested for the Foreign Agricultural Service, which will be used to expand export assistance activities, in-country promotions, and trade enforcement activities to remove non-tariff trade barriers, such as

unwarranted sanitary and phytosanitary standards and technical barriers to trade imposed on U.S. commodities by other countries.

Research to Improve Agricultural Productivity:

For 2011, the budget provides almost \$800 million for research aimed at improving agricultural productivity and protecting agriculture from pests and disease that limit the productive capacity of agriculture. The proposed research will improve genetic resources and cultivars that will lead to improved germplasm and varieties with higher yields, improved disease and pest resistance, and resilience to weather extremes such as high temperature and drought. The budget also funds several initiatives to support research on breeding and germplasm improvement in livestock which will enhance food security and lead to the development of preventive measures to combat diseases and thereby increase production. The budget also includes a 56 percent increase for the Sustainable Agriculture Research and Education (SARE) programs aimed at helping farmers and ranchers adopt practices that are profitable and beneficial to communities. As part of this increase, the 2011 budget proposes funding for the Federal-State Matching Grant SARE Program to assist in the establishment and enhancement of State sustainable agriculture research, education and extension programs. The matching requirement will leverage State or private funds and build the capabilities of American agriculture in becoming more productive and sustainable.

As the world population grows and the demand for food with it, we must look to new technologies for increasing production, including biotechnology. Biotechnology can expand the options available to agricultural producers seeking solutions to a variety of challenges, including climate change. However, prudent steps must be taken to ensure that biotech products are safely introduced and controlled in commerce. For 2011, the budget requests \$19 million, an increase of 46 percent, to strengthen USDA's science-based regulatory system for ensuring the safe introduction and control of biotechnology products. This includes preventing regulated genetically engineered products from being co-mingled with non-regulated products and to ensure the safe introduction of biotechnology products. USDA will also continue to provide technical input for the development of science-based regulatory policies in developing countries. By promoting consistency between the domestic regulatory system and the import policies of our trading partners, the likelihood of the U.S. being the supplier of choice improves as markets for these products grow.

Increasing Global Food Security:

Recent estimates from the United Nations Food and Agriculture Organization suggest that more than one billion people around the world are chronically hungry, many of them children.

A productive agricultural sector is critical to increasing global food security. USDA plays a major role in helping American farmers and ranchers improve the efficiency of agricultural production, including the safe use of biotechnology and other

emergent technologies. New technologies and production practices can enhance food security around the world by increasing the availability of food as well as providing developing nations tools for increasing their self reliance and giving them greater control over their production decisions.

For 2011, the budget includes approximately \$2.1 billion in emergency and non-emergency foreign food assistance programs carried out by USDA and USAID, and capacity building programs. Through the McGovern-Dole International Food for Education and Child Nutrition Program, which is administered by the Foreign Agricultural Service, USDA will assist an estimated 5 million women and children in some of the world's poorest countries.

In support of agricultural reconstruction and stabilization activities in Afghanistan, USDA is increasing the number of agricultural experts serving in Afghanistan from 14 to 64 in 2010. The work of these courageous individuals is essential for stabilizing strategic areas of the country, building government capacity, ensuring the successful management of assistance programs, and addressing the issue of food insecurity. It is estimated that as much as 80 percent of the Afghan population relies on agriculture for wages and sustenance. Consistent with these efforts, the Department has established a priority for increasing the number of Afghan provinces in which women and children are food secure from 10 to 14 by the end of 2011, ensuring food security for 41 percent of the country's provinces by the end of 2011.

An important means to assist developing countries to enhance their agricultural capacity is by providing training and collaborated research opportunities in the United States, where participants can improve their knowledge and skills. The 2011 budget provides increased funding for the Cochran and Borlaug Fellowship Programs, which bring foreign agricultural researchers, policy officials, and other specialists to the United States for training in a wide variety of fields. Under our proposals, as many as 600 individuals will be able to participate in these programs and bring this knowledge home with them to benefit their respective countries.

In addition, the Department is working with other Federal partners to reduce global food insecurity and increase agriculture-led economic growth in developing countries. These combined efforts will not only ensure that the world's children have enough to eat, but will improve national security as well. By promoting strong agricultural systems in the developing world, we will eliminate some of the primary causes that fuel political instability and diminish the economic vitality of developing nations.

Ensuring private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources

USDA plays a pivotal role in working with farmers and ranchers to protect and restore private working lands, while making them more resilient to threats and

enhancing our natural resources. USDA partners with private landowners to help protect the Nation's 1.3 billion acres of farm, ranch, and private forestlands.

The budget includes record levels of support for conservation programs, bringing total funding to about \$6 billion, which includes \$5 billion in mandatory funding for the conservation programs authorized in the 2008 Farm Bill and nearly \$1 billion in discretionary funding for other conservation activities, primarily technical assistance. This level of funding supports cumulative enrollment of more than 304.6 million acres in Farm Bill conservation programs, an increase in enrollment of about 10 percent over 2010.

The budget will accelerate the protection of our natural resources by strategically targeting funding to high priority program areas. This includes an increase of \$25 million to implement the Strategic Watershed Action Teams initiative that will target identified watersheds for a period of 3 to 4 years with the intent of reaching 100 percent of the landowner base in each watershed eligible for Farm Bill conservation program assistance. The additive effect of planned and applied conservation practices would hasten environmental improvement while keeping production agriculture competitive and profitable.

Research:

Underlying the achievement of all of the Department's goals is a strong research program. Research fuels the transformational change that rural America needs to excel. To help bring about this change, I have launched the National Institute of Food and Agriculture (NIFA), which will be a key element in providing the knowledge and technical advances that will lead to increased productivity, more abundant food supplies, improved nutrition, safer food, and a cleaner environment.

Agricultural research ultimately leads to increased profitability for farmers, reduced food costs and greater choice for consumers, and improved management of the natural resource base. To get more out of our research, the Department must focus its research and development components on making sure we do our very best job not just to increase productivity but also to make sure that we protect what it is they are growing and raising. The National Institute is going to have a more focus, in part on improving productivity and also being able to figure out how we can do a better job of protecting crops and animals from pests and disease. The more we produce, the healthier we produce, the better off we will be. If you conduct more research that will enable farmers to be more productive and improve the protection of their crops from pests and disease, in concert with protecting the market through food safety, we will be able to expand domestic markets and increase export markets.

As I have highlighted a few of the most significant research initiatives, I would like to point out that the 2011 budget proposes the largest funding level ever for competitive research with \$429 million for AFRI, an increase of \$166 million over 2010. AFRI is the Nation's premier competitive, peer-reviewed research program for fundamental and applied sciences in agriculture. It is broad in scope with programs ranging from fundamental science to farm management and community issues.

The budget also maintains formula funding for research and extension at 1862, 1890 and 1994 land-grant institutions, schools of forestry and schools of veterinary medicine at the 2010 level, thereby maintaining the research infrastructure needed to meet our research goals. These important capacity building programs will allow institutions to sustain the matching requirement that many of these programs have, thereby allowing Federal funds to leverage non-Federal resources. All of these institutions are also eligible to apply for AFRI funding to enhance their research efforts.

Management Initiatives:

The budget also includes a number of management initiatives that will improve service delivery, ensure equal access to USDA programs, and transform USDA into a model organization.

As part of a government-wide effort to improve service delivery and IT security, the Department will continue to implement improvements to address vulnerabilities to aging IT systems used for delivering billions of dollars in farm, conservation, and rural

development program benefits that will result in more reliable, customer-focused service to producers.

Ensuring that the Department and its programs are open and transparent is a priority for USDA. Therefore, USDA is proposing to expand the Office of Advocacy and Outreach, which was established by the 2008 Farm Bill, to improve service delivery to historically underserved groups and will work to improve the productivity and viability of small, beginning, and socially disadvantaged producers.

In support of my commitment to improve USDA's handling of civil rights matters, the budget includes funding to ensure that USDA has the staffing and resources necessary to address its history of civil rights complaints and seek resolution to claims of discrimination in the Department's employment practices and program delivery. To demonstrate this commitment, USDA under my leadership has been aggressively pursuing resolution to several pending discrimination lawsuits against the Department. Most notably, USDA and the Department of Justice reached a settlement of outstanding claims of discrimination by black farmers in the Pigford case. Resolution of this litigation is evidence of the commitment to resolving all of the large civil rights cases at USDA, including those involving Hispanic, Native American, and women farmers.

As USDA's workforce interacts directly with the public we serve every day, the Department's employees are some of our most valuable assets. To enhance the Department's human resource capabilities, USDA will focus on improving leadership

development, labor relations, human resources accountability, and veterans and other special employment programs. Investing in our employees will create an environment that is more responsive to the Department's broad constituency.

There is no doubt that these tough times call for shared sacrifice. The American people have tightened their belts and we have done so as well. We made tough decisions, but this budget reflects our values and common sense solutions to the problems we face. It makes critical investments in the American people and in the agricultural economy to set us on a path to prosperity as we move forward in the 21st century.

I would be pleased to take your questions at this time.

###