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Senate Committee on Appropriations**

**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
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Mr. Chairman and distinguished members of this Subcommittee, 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 2012 budget. I am joined today by Deputy Secretary Kathleen Merrigan, Joseph Glauber, USDA's Chief Economist, and Michael Young, USDA's Budget Officer.

In his State of the Union speech, the President laid out some of the challenges America faces moving forward as we compete with nations across the globe to win the future. We need to be a Nation that makes, creates and innovates so that we can expand the middle class and ensure that we pass along to our children the types of freedoms, opportunities and experiences that we have enjoyed. We also need to take some serious steps to reduce the deficit and reform government so that it's leaner and smarter for the 21st century.

The fiscal year (FY) 2012 budget we are proposing reflects the difficult choices we need to make to reduce the deficit while supporting targeted investments that are

critical to long-term economic growth and job creation. To afford the strategic investments we need to grow the economy in the long term while also tackling the deficit, this budget makes difficult cuts to programs the President and I care about. It also reflects savings from a number of efficiency improvements and other actions to streamline and reduce our administrative costs. It looks to properly manage deficit reduction while preserving the values that matter to Americans.

In total, the budget we are proposing before this subcommittee is \$130 billion, a reduction of \$3 billion below the FY 2011 annualized continuing resolution. For discretionary programs, our budget proposes \$18.8 billion, a reduction of \$1.3 billion below the 2011 level. These decreases are achieved through reductions and terminations in a wide range of programs as well as proposals to achieve savings through streamlining our operations. These actions will allow us to focus limited resources on programs where we can achieve the greatest impact.

Further, we are proposing legislative changes to target reductions in farm program payments, which would save \$2.5 billion over 10 years, while only affecting 2 percent of participants. The savings would come in addition to savings we have achieved through administrative improvements that reduced the error rate in farm program payments from 2 percent to under 0.1 percent as well as a partnership with the IRS to eliminate improper payments to wealthy individuals who exceed income eligibility criteria. In addition, legislation will be proposed to reduce premiums for the catastrophic

coverage option under the crop insurance program providing a savings to taxpayers of \$1.8 billion over 10 years.

These and other reductions must be made if we are serious about deficit reduction and being able to support the critical investments we need to make to secure our future.

At USDA, we haven't waited to begin reducing our expenditures. Last year we saved \$6 billion through the negotiation of a new agreement for crop insurance, \$4 billion of which will go to pay down the Federal deficit. And agencies across the Department have looked for ways to reform the way they do business – from reducing the number of visits a farmer has to make to our offices to get conservation services, to saving taxpayer dollars by operating our nutrition assistance programs with historic levels of accuracy.

I would now like to focus on some specific highlights in each of our major goals.

Assisting Rural Communities to Create Prosperity

Agriculture has generally fared well during the recent economic downturn, with farm income expected to be at almost record levels this year largely due to the productivity and hard work of American farmers and ranchers and growers. Further, agriculture continues to be one of the major sectors of the American economy that has

a trade surplus. Our budget preserves a strong farm safety net, including a \$4.7 billion farm credit program, about \$150 million above the 2011 level. As I mentioned earlier, we are also proposing to better target farm payments by reducing the cap on direct payments and reducing over a three year period the Adjusted Gross Income eligibility limits. These actions would save \$2.5 billion over 10 years.

Rural America offers many opportunities, but it also faces a number of challenges that have been experienced for decades. 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. In addition, improvements in health status also have not kept pace, and access to doctors and health services has been a key challenge in rural areas.

Within the context of a reduced total funding level, our budget proposes to focus resources on the most effective means to address the long term challenges facing rural communities and the Nation. A critical element is engaging with public and private partners to revitalize rural communities by expanding economic opportunities and creating jobs for rural residents.

For rural development programs, our budget proposes a total program level of roughly \$36 billion supported by \$2.4 billion in budget authority, a reduction of about \$1.6 billion in program level and \$535 million in budget authority. It also reflects the

Administration's efforts to utilize funding in the most cost-effective manner to achieve our goals.

A number of difficult decisions were made, including a reduction of \$390 million in budget authority from the 2011 level in housing programs. The budget eliminates funding for a number of loan and grant programs, including self-help housing grants and low income housing repair loans. We are also reducing funding for direct single family housing loans and focusing on maintaining support for single-family housing loan guarantees at a program level of \$24 billion. This level of assistance can be provided with no budget authority by continuing a fee structure that fully supports the subsidy cost of the program. We are also reducing the water and waste loan and grant program by \$62 million in budget authority. Associated with these program reductions, we are reducing administrative funding and staffing levels. These and other actions allow us to focus limited resources on meeting priority investment needs in rural America.

Regional Innovation Initiative:

One of these priority investments is in a new approach we have developed to ensure USDA supports rural communities who choose to engage in regional economic strategies. This approach recognizes that attempting to address the challenges faced by rural communities through a generic approach will not be sufficient. Instead, USDA needs to respond to grassroots local priorities and recognize that each rural region

needs a distinctive strategy that reflects its unique strengths, its particular mix of industry clusters, and which integrates its regional economic assets.

In 2010, to support rural communities' efforts to collaborate regionally, USDA used the Rural Business Opportunity Grant program to provide funding to seven identified regions to support plans focused on supporting job creation, local or regional food systems, renewable energy, capitalizing on new broadband deployment, and the utilization of natural resources to promote economic development through regional planning among Federal, State, local and private entities. Funding has been provided to multi-jurisdictional regions in California, Iowa, North Dakota, Oregon, South Carolina, Vermont, and Washington to develop regional plans to enhance economic opportunities. USDA is working department-wide to determine how it can support the priorities of the people in the region. USDA is also working with other federal partners to ensure that these rural regions have access to other federal programs that support their regional strategies. By creating a regional focus and increasing collaboration with other Federal agencies, resources can be leveraged to create greater wealth, improve quality of life, and sustain and grow the regional economy.

For 2012, USDA proposes a Regional Innovation Initiative that works through existing programs to fund regional pilot projects, strategic planning activities, and other investments to improve rural economies on a regional basis. USDA would target up to 5 percent of the funding within 10 existing programs, approximately \$171 million in loans and grants, and allocate these funds competitively among regional pilot projects

tailored to local needs and opportunities. The approach will 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.

The 2012 budget specifically provides an increase of \$5 million for the Rural Business Opportunity Grant program to foster regional collaboration that encourages regions to engage in strategic regional economic planning that identifies the needs of a defined rural region. In addition, an increase of \$2.1 million is included for the Rural Community Development Initiative to provide technical assistance to communities to develop housing or community facilities projects.

Facilitating the Development of Renewable Energy:

A major Administration priority is continuing to make investments in building a green energy economy. Last year, the President laid out his strategy to advance the development and commercialization of a biofuels industry. At the center of this vision is an effort to increase domestic production and use of renewable energy. Advancing biomass and biofuel production that holds the potential to create green jobs is one of the many ways the Obama Administration is working to rebuild and revitalize rural America. By producing renewable energy – especially biofuels – America's farmers, ranchers and rural communities have incredible potential to help ensure our Nation's

energy security, environmental security, and economic security. Through investments in energy efficiency and renewable energy sources, farms and rural small businesses across the country can reduce their energy consumption and energy expenses. In 2009 and 2010, USDA has helped nearly 4,000 rural small businesses, farmers and ranchers save energy and improve their bottom line by installing renewable energy systems and energy efficiency solutions that have produced or saved a projected 4.3 billion in kWh—enough energy to power 390,000 American homes for a year.

In 2012, USDA plans to invest over \$900 million in discretionary and mandatory funding to improve the entire supply chain of biofuels and bioenergy, from research and development, to production and commercialization. In addition, the budget includes \$6.1 billion for electric loans, which will be used to support renewable energy and the development of clean burning low emission fossil fuel facilities to support renewable energy deployment and clean energy technology.

Promising Market Opportunities:

Developing and supporting market opportunities and outlets for agricultural producers helps to promote jobs and prosperity in rural America. Over the past year, we have supported efforts to build and strengthen regional and local food systems through the “Know Your Farmer, Know Your Food” efforts. Our goal is to build a link between local production and local consumption, which is particularly beneficial to small and mid-sized farmers.

In FY 2012, USDA will continue to support efforts to expand promising market opportunities with \$9.9 million in funding for the National Organic Program, which will be used to strengthen oversight and enforcement and \$7.7 million for Transportation and Market Development activities that will stimulate development of regional food hubs and marketing outlets for locally and regionally grown food .

Furthermore, USDA, working together with the Departments of Health and Human Services and Treasury will implement the Healthy Food Financing Initiative (HFFI) to provide incentives for food entrepreneurs to expand the availability of healthy foods by bringing grocery stores, small retailers, and farmers markets selling healthy foods to underserved communities. HFFI will make available over \$400 million 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 requests \$35 million 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. In addition, USDA will make other funds available by encouraging and rewarding relevant grant and loan applications through existing Rural Development and Agricultural Marketing Service programs.

Broadband:

In his State of the Union address, President Obama established a goal to deploy the next generation of high-speed wireless coverage to 98 percent of all Americans. In the last year and a half, with funding from the Recovery Act we have done more to bridge the digital divide for rural Americans than many ever thought possible. The Recovery Act is funding will enable around 7 million rural Americans to connect to one of 285 last-mile, 12 middle-mile, or four satellite projects funded by USDA. On top of that, over 360,000 businesses and 30,000 community service organizations such as hospitals, schools and public safety agencies will be connected to a high-speed digital future. USDA will continue to build on the success of funding provided through the American Recovery and Reinvestment Act (Recovery Act) by making loans and grants under the authorities provided by the Farm Bill. Our budget continues to provide support for these important efforts with \$17.9 million for grants to support local broadband access in rural communities and funding for loans with balances available from prior year appropriations.

Trade Expansion:

Expanding access to global markets makes a critical contribution to our efforts to enhance rural prosperity by providing opportunities for increased sales and higher incomes. During the past year, we have worked diligently to remove trade barriers and open new markets. Through our efforts, we were able to regain access for our poultry

exports to Russia, after Russia introduced a ban on the use of chlorine washes in the processing of poultry. Similarly, we worked to expand market access for pork in Russia and China by addressing residue and disease issues, and we continue to engage China on reopening that market for our beef exports. Also noteworthy, we entered into a Memorandum of Understanding with China that addresses quality and sanitary and phytosanitary policy issues that will help to facilitate our soybean exports. This is a very significant step as China is now our largest overseas market for soybeans, and the significant growth we have experienced in that market -- in soybeans and many other products -- has helped China to emerge as our largest agricultural export market.

Our trade promotion activities support the National Export Initiative (NEI), a government-wide effort to double U.S. exports over the next five years in order to spur economic growth and employment opportunities. Every \$1 billion worth of agricultural exports supports an estimated 8,000 jobs, so we know that when we succeed in expanding markets we are creating real benefits for our workforce. To bolster these efforts, the budget proposes an increase of \$20 million for the Foreign Agricultural Service to support an expansion in trade monitoring and enforcement activities, exporter assistance and education efforts, support for state organized trade missions, and in-country market access and promotion activities.

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

USDA continues to be a major partner in advancing the Administration's conservation and environmental agenda through support of the conservation partnership and the strategic targeting of funding to high-priority regional ecosystems. The budget request will ensure that the conservation partnership remains strong among Federal agencies, State and local governments, Tribes, industry and farmers. This broad partnership has proven to be a resilient and effective mechanism for meeting the Administration's water policy goals and helping protect the Nation's 1.3 billion acres of farm, ranch and private forestlands.

The budget requests nearly \$900 million in discretionary funding for conservation activities, primarily technical assistance that provides comprehensive conservation planning for the Nation's farmers, ranchers and private forest landowners. This reflects a reduction of \$168 million and related staff-years for the elimination of the watershed operations and rehabilitation programs, conservation operations earmarks, and the Resource Conservation and Development program.

The 2012 budget advances resource protection by strategically targeting funding to high-priority regional ecosystems and initiatives. This includes \$15 million to implement the Strategic Watershed Action Teams initiative, which will enhance targeted technical assistance in priority watersheds for a period of 3 to 5 years with the goal of

reaching 100 percent of the landowner base in each watershed eligible for Farm Bill conservation program assistance. The goal of this initiative is to hasten environmental improvement while keeping production agriculture competitive and profitable.

To improve the delivery of conservation technical assistance, which is a field staff-based activity, the budget includes \$11.3 million to fund the Conservation Delivery Streamlining Initiative. This initiative will develop new business processes designed to simplify the planning process and maximize the amount of time USDA technicians spend in the field helping farmers. These funds will improve how we deliver conservation planning and financial assistance and help farmers with practice installation.

Finally, the budget includes an increase of \$7 million for the Conservation Effects Assessment Project, to enhance the scientific understanding of the environmental effects of conservation practices on agricultural landscapes. This knowledge will help us improve the design and implementation of conservation programs.

The 2012 budget also includes \$5.8 billion in mandatory funding to support cumulative enrollment of more than 302 million acres in Farm Bill conservation programs, an increase of nearly 8 percent over 2011, for conservation programs authorized in the 2008 Farm Bill, such as WRP, Environmental Quality Incentives Program, and the Conservation Reserve Program.

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

USDA works to improve global food security through a wide variety of activities, such as providing food and technical assistance that supports the development of sustainable agricultural systems in developing countries, by facilitating the adoption of biotechnology and other emergent technologies that increase agricultural production and food availability, and by working to advance internationally accepted, science-based regulations that facilitate trade. These efforts are important because over one billion people worldwide face hunger and malnutrition every day, and we know that failing agricultural systems and food shortages fuel political instability and undermine our national security interests.

USDA is an active partner in the Administration's global food security initiative – Feed the Future – and we have been working closely with the State Department, U.S. Agency for International Development (USAID), and others to further its objectives. As an implementing partner, USDA can offer expertise in basic and applied research that benefits both the United States and developing countries; in-country capacity building and technical assistance; and market information and economic analysis. For example, during the past year, USDA has worked with USAID to develop the Norman Borlaug Commemorative Research Initiative, a mechanism designed to increase cooperation and collaboration between our two agencies in managing research strategies and their implementation. Through this mechanism, we will collaborate on targeted, high impact

research priorities, such as wheat rust, legume productivity, livestock diseases, mycotoxins, and human nutrition, which can have far-reaching benefits to farmers worldwide.

An important means to assist developing countries to enhance their agricultural capacity is by providing training and collaborative research opportunities in the United States, where participants can improve their knowledge and skills. The 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 proposal, as many as 600 individuals will be able to participate in these programs and bring this knowledge home to benefit their respective countries.

Foreign food assistance programs remain a core component of our efforts to enhance global food security. The 2012 budget includes over \$2 billion of funding for both emergency and non-emergency international food assistance programs carried out by USDA and USAID. Although funding for the McGovern-Dole International Food for Education and Child Nutrition Program is reduced by \$9 million, the program will assist as many as five million women and children during 2012.

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 2012, the budget includes increased funding to strengthen USDA's science-based regulatory system and ensure that we can provide timely, sufficient review of the expanding volume and complexity of biotechnology applications. During the past fiscal year, USDA continued to see an increase in workload due to this expanding industry. Notably, USDA received 44 percent more requests for field testing of genetically engineered plants than were received in FY 2009

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

Nutrition Assistance:

The budget fully funds the expected requirements for the Department's three major nutrition assistance programs – WIC, the National School Lunch Program, and SNAP.

National School Lunch Program participation is estimated to reach a record-level again in 2012, 32.5 million children each school day, up from about 31.6 million a day in 2010. The budget proposes an increase of \$9 million to ensure USDA makes progress to decrease the prevalence of obesity among children and adolescents, and to improve the quality of diets. The increase will allow USDA to continue implementing the

scientific, evidence-based nutrition guidance and promotion of the 2010 update of the *Dietary Guidelines for Americans*.

The budget includes \$7.4 billion for WIC, which will support the estimated average monthly participation of 9.6 million in 2012, an increase from an estimated 9.3 million participants in 2011. The request is \$138 million above the 2011 annualized continuing resolution. This includes an increase for the breastfeeding peer counseling program and a doubling of the breastfeeding program performance bonus funding. WIC State nutrition services and administrative activities are funded at a level sufficient to ensure effective program operations along with increased emphasis on IT and EBT.

Participation in SNAP is estimated to average about 45 million participants per month in 2011, and is projected to fall slightly in 2012. The budget includes over \$85 billion, including Recovery Act funding, to fund all expected costs. Legislation will be proposed to extend the Recovery Act provision that waives time limits for Able-Bodied Adults Without Dependents (ABAWDs) for an additional fiscal year. In total, this change would add about \$92 million to recipient benefits and SNAP program costs in 2012. In addition, the 2012 budget proposes to maintain the increase for SNAP benefits authorized by the Recovery Act for five months, increasing outlays in 2014 by \$3.3 billion.

Food Safety:

The budget includes \$1 billion for the Food Safety and Inspection Service, a reduction of about \$7 million below 2011. The requested level is adequate to fully fund inspection activities and including an increase of \$27 million to improve our capability of identifying and addressing food safety hazards and preventing foodborne illness. These increases are more than offset by reductions due to streamlining agency operations, reducing lab expenses, and recognizing that implementation of a catfish inspection program will not occur in 2012.

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

To protect agricultural health by minimizing major diseases and pests of food crops and livestock, the budget includes \$837 million, a reduction of \$76 million, in appropriated funds for the Animal and Plant Health Inspection Service (APHIS). We have taken a close look at the APHIS budget and have proposed a number of program reductions and redirections to ensure that scarce resources are being used prudently. The budget achieves savings through a variety of means. It includes decreases for activities where eradication campaigns have been successful, such as cotton pests, pseudorabies, and screwworm, and for pests and diseases where eradication is not likely, such as tropical bont tick. Savings are also possible in the avian health program without affecting overall performance. Further, the budget achieves other savings by acknowledging the role of the producer to engage in best management practices to

reduce certain diseases, such as Johne's Disease. These savings allow us to propose increases for selected pests, including the light brown apple moth and the European grapevine moth.

Research

Scientific research is essential for our prosperity, health, environment and our quality of life. By investing in the building blocks of American innovation, we will help ensure that our economy is given all the necessary tools for new breakthroughs, new discoveries and the development of new industries. While progress will not come immediately, our investments today will be a catalyst which leads to answers to problems of national importance, including developing alternative energy sources, improving the nutrition and health of America's children, and developing solutions to the most urgent environmental problems.

The 2012 budget requests approximately \$1.2 billion in discretionary funding for the National Institute of Food and Agriculture (NIFA), a decrease of \$141 million from 2011. The budget eliminates \$141 million in Congressional earmarks as well as makes selective reductions in ongoing programs, including a reduction of five percent in formula funding for 1862 Land Grant Institutions and the elimination of the animal health and disease formula program. The budget continues to move toward the use of competitive grants to generate the solutions to the Nation's most critical problems. A major element in NIFA's research budget is an increase of \$62 million for the Agriculture

and Food Research Initiative (AFRI) -- the premier competitive, peer-reviewed research program for fundamental and applied sciences in agriculture. This increase, which brings the total AFRI funding to \$325 million, will focus on sustainable bioenergy, global food security, food safety, human nutrition and obesity prevention, and global climate change, while still supporting foundational research.

The 2012 budget for the Agricultural Research Service is approximately \$1.14 billion, a net decrease of \$42 million. This reduction is achieved through the elimination of Congressional earmarks and other lower priority projects that total about \$101 million. These reductions help fund program increases totaling approximately \$59 million for high-priority research. Major initiatives include improved genetic resources and cultivars leading to better germplasm and varieties with higher yields, enhanced disease and pest resistance, and resilience to weather extremes such as high temperature and drought. The budget will also fund 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. These initiatives have great potential to help ensure an abundant, safe, and inexpensive supply of food to meet global demand. Additionally, the budget funds research initiatives that will accelerate the development and deployment of dedicated energy feedstocks, thereby reducing dependence on foreign oil and expanding the opportunities for American farmers. Finally, the budget supports projects that focus on food safety, and human nutrition and obesity prevention.

The 2012 budget request for the National Agricultural Statistics Service includes an increase of nearly \$12 million in initiatives, which is offset by \$8.3 million in terminations of low-priority programs. This includes the elimination of a land tenure survey largely comprised of farm operators that are accounted for in the Agricultural Resource Management Survey. The 2012 budget includes full funding to support the third year of the 2012 Census of Agriculture's five year cycle and to improve the data quality of the County Estimates program which is used within the Department to administer crop insurance programs, as well as crop revenue support programs, emergency assistance payments, and the Conservation Reserve Program.

Finally, \$8.4 million is included for initiatives within the Economic Research Service, including an initiative for behavioral economics that will yield information and analysis that enhances decision-making on economic and policy issues related to agriculture, food, farming, natural resources, and rural development. These increases are partially offset by a \$4.9 million reduction from lower priority projects.

Management Initiatives

To reform USDA so it is leaner, more efficient and ready for the 21st century, we will support efforts to better streamline operations and deliver results – at lower cost – for the American people. The budget reflects the Department's commitment to increasing program delivery effectiveness by implementing management improvements, administrative efficiencies, and IT systems that modernize the USDA workplace.

A significant streamlining and efficiency measure being proposed is a structured buyout of 504 Federal headquarters and related employees – 10 percent – of the Farm Service Agency. This restructuring effort is expected to result in net savings of \$27 million in 2012 and total savings of \$174 million through 2015. In addition, we are proposing a further savings of \$14.4 million in FSA administrative expenses through efficiencies related to advisory contracts, travel expenses, printing and supplies. It is also critical that we continue to invest in modernizing the FSA IT system to provide a secure, modern system capable of supporting web-based program delivery.

One of the key components for increasing USDA effectiveness is focused on creating a high performing and diverse workforce across the Department. Through USDA's Cultural Transformation initiative, the Department and its workforce are being revamped to increase job satisfaction, training opportunities, and career development possibilities. USDA will focus on improving leadership development, labor relations, human resources accountability, and veterans and other special employment programs. These efforts will greatly improve the productivity of the Department, resulting in better service to USDA constituents and more value for American taxpayers. A \$3 million increase is proposed to strengthen our human resources transformation initiatives and veterans hiring efforts.

USDA also strives to improve the efficiency with which it purchases over \$5 billion in goods and services annually. These acquisitions support USDA program

delivery, including food purchases for the nutrition programs and IT purchases in support of business operations. Regardless of what is being purchased, USDA relies upon a workforce of acquisition professionals to efficiently and effectively procure the goods and services needed to ensure continued service delivery by the Department. As part of a government-wide initiative pursuant to the President's Memorandum on Government Contracting, USDA is requesting funding of \$6.5 million for training, workforce development activities, and supporting IT systems. Such efforts will greatly improve the workforce's ability to negotiate more favorably priced contracts and manage contract costs more effectively. These improvements will support USDA's actions to implement its acquisition savings plan that includes a projected 7-percent reduction in non-commodity acquisitions in FY 2011, with additional reductions in the out-years.

We are also taking additional steps to address the unfortunate history of civil rights in USDA. As you know, since coming into office, this Administration has made great strides in resolving claims of discrimination by reducing the backlog of complaints and by working to settle lawsuits brought against the Department by black and Native American farmers and ranchers. USDA has worked closely with Congress to secure the funding necessary to address the Pigford II class action lawsuit. The Department has also been working to resolve other discrimination claims such as those being brought by women and Hispanic farmers and ranchers. In FY 2012, we are requesting funding under the Farm Service Agency to pay the administrative costs of resolving existing civil rights claims, and to provide settlement for discrimination claims filed under the Equal Credit Opportunity Act where the statute of limitation has expired. The

Department remains committed to taking these actions as part of our commitment to create a New Era of Civil Rights in USDA.

Ensuring that the Department and its programs are open and transparent is also a key component of the transformation effort. As a result, USDA is proposing to expand the Office of Advocacy and Outreach (OAO), 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. The outreach efforts led by OAO will help to ensure that all persons eligible to participate in USDA programs will have the opportunity and the information necessary to benefit from the services delivered by the Department.

The President told us that winning the future will require a lot of hard work and sacrifice from everyone. The President's budget reflects sacrifice, but provides the funding to achieve his vision for a strong America. I look forward to working with this Subcommittee to help build a foundation for American competitiveness for years to come so that we pass on a stronger America to our children and grandchildren.

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

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