

**Statement by
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Secretary of Agriculture
Committee on Agriculture, U.S. House of Representatives
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Mr. Chairman and distinguished members of the Committee, I appreciate the opportunity to appear before you to discuss on-going efforts to strengthen management and oversight activities within the United States Department of Agriculture (USDA).

I would like to start by thanking the dedicated public servants who serve at the Department. They work tirelessly to support the farmers, ranchers and growers who are driving the rural economy forward; carry out record conservation efforts; facilitate groundbreaking research; promote new markets for rural products; and provide a safe, affordable and nutritious food supply for American families.

USDA has over 6,800 offices and laboratories spread across nearly every county in the country. We operate and maintain over 43,000 buildings and structures which amount to nearly 57 million square feet of space and manage a fleet that exceeds 40,000 cars, trucks, and other vehicles. USDA has over 300 programs that in fiscal year (FY) 2014 required approximately 7.5 billion transactions totaling \$177 billion to deliver.

USDA employees have carried out a record level of service to the American people in recent years, despite constrained budgets and a reduced workforce. Since 2010, USDA's budget has been reduced by more than 10 percent, while the Department has been charged with additional responsibilities and more complex programming. Over that same period, we have also experienced a reduction of more than the equivalent of 10,000 federal employees from the USDA workforce.

Despite these challenges, USDA employees have successfully implemented two Farm Bills – the 2008 Farm Bill and the 2014 Farm Bill – and the Healthy Hunger Free Kids Act over the course of this Administration, all of which were successfully crafted thanks to the hard work of the Committee. In the year and a half since passage of the 2014 Farm Bill, with 12 titles and more than 450 provisions, we made implementation a top priority at the Department.

Immediately after enactment, USDA established a 2014 Farm Bill implementation team composed of key sub-cabinet officials and experts from every mission area of the Department to put new programs in place and make mandated reforms to existing programs. I am proud of the work USDA employees have undertaken to implement the Farm Bill.

In addition to implementing complex programming under constrained budgets and resources, USDA employees have also continued to take proactive steps to find efficiencies that cut costs, streamline operations and save taxpayer dollars through the Blueprint for Stronger Service initiative. Through Blueprint-related efforts, our employees have recognized for the Department savings, efficiencies, and cost avoidances of over \$1.4 billion in recent years. Some of these results came from relatively smaller, common-sense initiatives such as the \$1 million saved by streamlining the mail handling at one of the USDA mailrooms or the consolidation of the Department's cell phone contracts, that is saving taxpayers over \$5 million per year. Other results have come from larger-scale activities, such as the focus on reducing non-essential travel that has yielded over \$400 million in efficiencies. Overall, these results have allowed us to do more with less during a time when such stewardship of resources has been critical to meeting the needs of those that we serve. In addition, as a result of improvements to our program management practices, the Department has implemented process improvements that have saved

over 100,000 hours of time for our employees and customers, which translates into better service and cost avoidance for our farmers, ranchers, and rural communities.

Our ability to provide the highest levels of service to our customers under these circumstances is a testimony to the diligence of USDA employees. The Obama Administration and USDA have made historic investments in America's rural communities, helping create ladders of opportunity for rural people and building thriving rural economies for the long term. In the past six years, USDA has assisted more than 900,000 rural families to buy or refinance a home; for many of these individuals, this is the first time they've owned their own home. We have invested \$48.3 billion in new or improved infrastructure in rural areas, which, among other things, has helped 15.7 million rural residents get access to clean drinking water and better waste water disposal and brought new or improved broadband service to 1.49 million rural residents, which expands access to state-of-the-art health care, educational and cultural resources, and gives rural businesses the connectivity they need to create jobs and compete in the global economy.

USDA has helped to open or expand new markets for the incredible bounty of rural America, which has led to the strongest six years for agricultural trade in the history of this country. Between 2009 and 2014, more than 6,000 U.S. companies participating in USDA-endorsed trade shows reported total on-site sales of more than \$1.3 billion and more than \$7.2 billion in 12-month projected sales. This participation has assisted in the growth of agricultural exports, which have climbed more than 58 percent in value since 2009, totaling \$771.7 billion over the past six years. USDA continues to pursue strong new trade deals that are both free and fair and will help to expand exports, increase wages, and help farm and ranch businesses grow and create jobs not just in rural communities, but across the country.

Each day, the work of USDA scientists and researchers touches the lives of all Americans: from the farm field to the kitchen table and from the air we breathe to the energy that powers our country. USDA science is on the cutting edge, helping to protect, secure, and improve our food, agricultural and natural resources systems. Since 2009, USDA has invested \$4.32 billion in research and development grants. Studies have shown that every dollar invested in agricultural research now returns over \$20 to our economy. USDA leverages its investment in research by making data more widely available to universities, American companies, and others.

In the past six years, research by USDA scientists has resulted in 758 patent applications filed, 335 patents issued, and 953 new inventions disclosures covering a wide range of topics and discoveries.

A surge in consumer demand for locally-produced food is creating jobs and opportunity throughout rural America for farms as well as the small businesses that store, process, market and distribute food locally and regionally. Local food sales were valued by the industry at \$11.7 billion in 2014, up from USDA's estimate of \$5 billion in 2008. To support farmers and ranchers that want to take advantage of this market opportunity, over the past six years, USDA has strengthened local and regional food systems by investing in more than 500 projects that recruit and train farmers, expand economic opportunities for small businesses and increase access to healthy foods. In addition, USDA has made expanding SNAP recipients' access to fresh fruits and vegetables through farmers markets a priority in recent years. Since 2008, the number of SNAP-authorized farmers, roadside farm stands, and farmers markets grew dramatically, from 753 to in excess of 6,400, more than eight times the number accepting SNAP when the Obama Administration took office. This is just a small snapshot of the successful and

critical work USDA is doing across the board to support economic opportunity for farmers, ranchers and rural communities and improve access to healthy foods for all Americans.

But my time as Secretary has also afforded me a true understanding of the challenges that come with managing a Department the size of USDA. The Department is faced with numerous issues, including the need for improved program integration amongst the agencies, enhanced internal controls across programs, and better IT security to protect employee and customer data. A common theme from these challenges is the recognition that due to the Department's multitude of programs, USDA must continue to improve cross-agency coordination.

A key component in the Department's efforts in identifying these challenges and solutions for moving forward is the work of the Office of Inspector General (OIG). At USDA, OIG, while independent, is an important partner in the work to strengthen program integrity and management throughout the Department.

To address USDA management challenges, I have challenged the Department's leaders to proactively seek and implement solutions. I have engaged USDA's OIG to better understand the issues identified through their audits and to assess where additional focus and attention are needed. In certain cases, I have asked that OIG examine particular issues of concern to uncover potential issues so that they can then be addressed. Once identified, we have taken proactive steps to address shortfalls and improve our practices.

Furthermore, I have established a process through which resolution of the management challenges will be a constant focal point for the entire USDA leadership team. As an example, the reports of OIG and the Government Accountability Office helped to bring some clarity to the challenges facing the implementation of the Farm Service Agency's (FSA) MIDAS investment. As the issues for MIDAS were identified, the Department improved oversight and re-scoped the

investment, which allowed USDA to deliver the most value for our customers. The MIDAS platform today is used in nearly 2,200 FSA offices and is used to help manage records for 5 million farms, 38 million tracts, and 11 million customer records.

In another example, in 2011, I requested that OIG evaluate the management of the Office of Advocacy and Outreach's grant program. As a result of this proactive engagement and the findings from OIG's recent audits of the 2501 grant program and the StrikeForce Pilot initiative, the Department continues to improve management and oversight of these programs. For example, the Department has restructured the StrikeForce initiative to focus on our coordinating efforts at our field-based agencies. Since 2010, efforts through StrikeForce to target and help agricultural producers and rural communities experiencing chronic poverty gain access to USDA programs have shown results. Applications have increased and that has helped contribute to over \$16.5 billion in USDA investments to create jobs, build homes, feed kids, assist farmers, and conserve the natural resources across 880 counties in 21 states and Puerto Rico.

Finally, USDA has made program integrity a top priority, aggressively working to identify and eliminate fraud, waste, and abuse, because it is critical to ensure that program funds benefit those who need them, and that taxpayer dollars. For example, in FY2014, SNAP achieved a payment accuracy rate of 96.34 percent, among the lowest in the federal government and reduced by more than half since 2000. USDA efforts have also resulted in a significant reduction in trafficking. An FNS study released in 2013 found that the estimated rate of trafficking in SNAP – which was estimated to be as high as 4 percent 15 years ago - is very low, down to just over one percent according to the most recent data. But more work must be done to maintain and improve the integrity of all USDA programs. That is why the Administration's

FY2016 budget requested over \$20 million in additional resources for targeted program integrity enhancements for the Child Nutrition Programs, SNAP, and the Risk Management Agency.

Thank you again for the opportunity to highlight our efforts to improve management at USDA and for the opportunity to collaboratively discuss items that may require additional attention. An organization the size of USDA – or any organization – will always have management challenges, but we are committed to addressing these challenges as they are identified and have a strong record of success in doing so. The Department has been able to achieve tremendous results in recent years due to the strong partnership with Congress. USDA truly is a great organization and our continued collaboration will strengthen and improve the work of the People's Department.