



United States Department of Agriculture

The People's Department: Growing a Stronger and Healthier Future for America

Secretary Tom Vilsack

Cabinet Exit Memo | January 5, 2017

Introduction

For more than 150 years, the U.S. Department of Agriculture (USDA) has served the people and places of our country that are hard to reach, off the beaten track, or otherwise underserved. Rural America provides our nation's food and enough for record agricultural exports, as well as the majority of our energy resources, the fiber for goods and manufacturing, and more than 35 percent of our nation's military members. We recognize their strategic importance to our national and economic security, as well as the values they give to our national identity.

At USDA, we have spent the past eight years working to support these communities and create opportunity in rural America. Today, the United States is experiencing record agricultural productivity and exports, ensuring Americans are more food secure and spend a smaller portion of their paychecks at the grocery store than most developed nations.

I have made it my priority to ensure USDA embraces all forms of production and producers of all sizes—from organics to conventional, from the smallest to the largest farms and ranches across the nation. Our support has empowered an explosion in the local food movement and significant growth in farmers markets and direct sales by farmers to schools, hospitals and other institutions. We have also focused on expanding access to healthier food, implementing the most significant updates to school meals in decades for our nation's youth, making changes to our programs that ensure mothers and newborns have access to more nutritious food, and helping to reduce child hunger to the lowest level on record.

At the end of 2008, rural areas were reeling from the Great Recession. At the depths of the recession, rural counties were shedding 200,000 jobs per year, rural unemployment stood at nearly 10 percent, and poverty rates reached heights unseen in decades. Many rural communities were ill-positioned to bounce back quickly, since widespread job loss came as the economy was increasingly focused on technology, advanced manufacturing, and services.

Over the course of this Administration, USDA made targeted investments to help rural areas grow, and also transformed itself into a 21st century service provider that delivers programs and services to all Americans. At the same time, the Administration formed, and I was pleased to Chair, the first White House Rural Council to better coordinate federal investments in rural areas, in partnership with local, state, and private sector partners. USDA executed an aggressive strategy to bolster and complement production agriculture by removing obstacles to U.S. trade and increasing exports, maintaining record exports for eight years straight. We strengthened the emerging bio-economy by supporting renewable energy and manufacturing of biobased products.

Alongside a record number of producers, we invested in conservation and elevated eco-markets. We made significant investments in affordable rural housing, energy efficiency and availability, community facilities, clean and reliable drinking water and wastewater systems, and internet access, coupled with historic levels of loans and grants for rural businesses. And we made it a priority to build a new era for civil rights at USDA, charting a stronger path for the future where all Americans are treated with dignity and respect.

As we've invested in rural America, we have seen improvements in the economy. Median household income in rural areas of the U.S. increased by 3.4 percent in 2015 and poverty rates have fallen. Rural populations have stabilized and are beginning to grow. Rural counties added over 250,000 jobs in both

2014 and 2015, and the rural unemployment rate has dropped below 6 percent for the first time since 2007. Hunger is down in rural and urban areas alike, as about 8 million fewer people are struggling to provide adequate food for themselves or their families compared to the height of the recession, and child food insecurity is at an all-time low.

Under this Administration, USDA has created and invested in a strategy for rural America, and thanks to those efforts, the future of our rural communities looks bright today. But there is more work to be done to ensure that USDA's targeted investments continue to help the rural economy retool itself for the 21st century.

Record of Progress

Rural Economic Development

This Administration, spearheaded by USDA, has vigorously invested in the rural way of life. Nearly eight years after the Great Recession took hold in rural America, we're beginning to see positive trends in key indicators such as median household income, population, job creation, and unemployment rates in rural areas, as well as food insecurity and child food insecurity in both rural and urban areas.

Since 2009, USDA has invested more than \$6.9 billion in loans and grants for more than 1,200 projects expanding broadband service for nearly 6 million people who live and work in rural America, including tribal areas. These investments have given rural businesses the connectivity required to compete in the global economy and have opened the doors to state-of-the-art health care, educational and cultural resources. We've also improved and modernized rural electric infrastructure serving more than 5.5 million rural residents and businesses by funding more than 185,000 miles of electric line. At the same time, we invested in smart grid technology and air quality improvement technologies to improve electric system operations and reduce electric utility emissions. And today, 19 million rural residents have improved water and wastewater services in their communities thanks to USDA investments.

Over the course of this Administration, we've proudly helped more than 1.2 million families buy, repair or refinance a home in rural America—that's more homeownership opportunities than any other previous Administration in USDA's history. We've invested in more than 8,350 critical community facilities projects— including schools, libraries, health care facilities, recreational centers, and public safety facilities. In 2014, USDA launched a public-private partnership designed to facilitate the flow of capital to infrastructure projects in rural America, with our private sector partner committing to lend up to \$10 billion and lending more than \$3 billion already to over 400 projects in the power, water, communications, and community facilities industries.

USDA believes every American should have an opportunity to succeed, but a full 85 percent of our country's persistent poverty counties are in rural America. That's why in 2010, we established the StrikeForce for Rural Growth and Opportunity Initiative, making a commitment to strengthen rural economies through increased investments, intensive outreach and local partnerships. Through StrikeForce, we've partnered with almost 1,500 community and faith-based organizations to support nearly 190,000 projects, and directed \$23.5 billion of USDA's investments into over 970 high-poverty rural counties. Through the Promise Zone Initiative, USDA, the Department of Housing and Urban Development and other federal agencies are collaborating with community leaders to provide tailored assistance based on the specific needs of a community. Today, USDA serves as the lead for supporting

eight rural and tribal Promise Zones, and has delivered over \$410 million of federal investments to the first two rural and two tribal Promise Zones—the Choctaw Nation, Pine Ridge Indian Reservation, Southeastern Kentucky and South Carolina Low Country—in just two years.

Combatting Rural Substance and Prescription Drug Misuse

In late 2015, President Obama asked me to lead an interagency federal effort focused on the rural heroin and prescription opioid crisis. In 2014 alone, we lost 28,648 lives too soon and according to NIH, the epidemic incurs \$72 billion in health costs each year. The opioid crisis disproportionately affects rural communities in part due to the lack of outreach and treatment resources available in remote areas. After hearing from mothers and fathers who've lost their children to opioid misuse, and listening to mayors and medical personnel appeal for greater treatment resources, it's clear that rural communities need our help to fight this devastating epidemic.

As Chair of the White House Rural Council, I have worked with colleagues across the Administration to aggressively examine the tools at our disposal to stem the tide. Our strategy focuses on maximizing the reach of the resources we have available to focus on prevention, treatment, recovery, and criminal justice reform. USDA's offices across the country now play an important role in raising awareness about the issue and helping people connect with available resources.

Since 2009, USDA has invested in more than 8,283 educational and health care facilities nationwide through our Distance Learning and Telemedicine program, which is helping hospitals in rural communities become better equipped to treat individuals struggling with substance misuse through telemedicine. Our Community Facilities Grants and Loans program has allowed communities to build treatment and recovery facilities. In 2014 and 2015, we provided more than \$213 million to 80 projects in 34 states for mental health facilities alone. In March, we announced that the Rural Health and Safety Education grant program could be used for communities to conduct drug misuse awareness efforts, and two grants have already been awarded. In August, we began leveraging USDA rural housing programs to provide more housing for individuals in recovery.

These steps, and many others taken by our colleagues at the Department of Health and Human Services and the Department of Veterans Affairs, will help many communities, but additional resources are critical. The \$1 billion in new funding proposed in President Obama's 2017 budget and just recently provided by Congress in the 21st Century Cures Act will help meet that need.

Record Agricultural Production and Exports

Agricultural exports have topped \$1 trillion since 2009, far and away the best stretch in our nation's history. These exports make up 20 percent of U.S. farmers' cash receipts, support more than 1 million American jobs, and generate an additional \$1.27 trillion in U.S. business activity. U.S. agricultural exports have delivered a trade surplus every year since the 1960s—meaning we consistently export much more than we import—making us a more economically secure nation.

Since 2009, USDA has worked to remove hundreds of unfair barriers to trade; opened or expanded key markets for products such as beef, dairy, fruits and vegetables, and more; and led 17 trade and investment missions and attended 23 trade shows, generating billions of dollars in sales for U.S. businesses.

For eight years, we have fought hard to preserve and expand markets because the livelihoods of rural Americans depend on it. Ninety-five percent of the world's consumers live outside of our borders. In 2015 alone, USDA resolved more than 150 trade-related issues involving U.S. agricultural exports valued at \$2.4 billion. We've also negotiated to eliminate restrictions on U.S. beef in 15 countries since January 2015. And despite the historic animal disease outbreak affecting poultry in 2015, USDA negotiators enabled U.S. poultry producers to maintain 74 percent of their market share. Just a year removed from the highly-pathogenic avian influenza outbreak, USDA has helped the United States recapture nearly every market.

USDA has supported American agriculture by quickly and nimbly administering programs and services provided by Congress through the Farm Bill and other legislation. Since 2009, USDA has successfully implemented two Farm Bills while improving upon Farm Bill programs by introducing new risk management tools for small and medium producers, such as Whole Farm Revenue Protection, and expanding lending to underserved and beginning producers. USDA has provided more than 109,000 agricultural producers with investment capital of more than \$34 billion to strengthen farming and ranching operations since 2009. Annual lending to underserved and socially disadvantaged producers increased dramatically, from \$379.4 million in 2008 to \$827.3 million in 2015, a 118 percent increase. Our streamlined microloan program, pioneered under this Administration, is now an important access point to new, small, or underserved farmers and ranchers. Since the program's inception in January 2013, USDA has issued over 21,700 microloans, 70 percent of which have gone to beginning farmers.

Strengthening Global Food Security

Food security is critical to economic security, as well as national security, not only for the United States, but also for other nations around the world. The United Nations estimates that worldwide demand for food will increase 60 percent by 2050. International organizations recognize that food insecurity is common in conflict-affected countries, and that policies that help to build resilience to food insecurity can limit violence, strengthen governance systems, and build up civil society.

The 2007-2008 global food price crisis underscored the breadth of these challenges, and prompted us to work across agencies to design a new global food security program called Feed the Future. Launched in 2009, Feed the Future has helped to reshape how the United States combats global hunger and malnutrition, while supporting agricultural development. Led by the U.S. Agency for International Development (USAID), USDA supports this government-wide effort by investing in cutting-edge research to strengthen agricultural production and nutrition in Feed the Future focus countries, and promoting open data and sharing between nations to ensure that research will contribute to efforts to feed the world. Open agriculture and nutrition data is a powerful tool for long-term sustainable development. USDA has served as the U.S. Government lead on the Global Open Data for Agriculture and Nutrition (GODAN) initiative, focused on opening agriculture and nutrition data to support sustainable development and solve longstanding global food security challenges, since its creation in 2013.

Improving Nutrition and Access to Healthy Food for Americans

In 2008, the programs that form the foundation of our country's nutrition safety net — the National School Lunch Program and School Breakfast Program, the Supplemental Nutrition Assistance Program (SNAP) and WIC — were in need of consistent and strategic investment to ensure adequate healthy foods were available to every qualifying American. Ensuring that nutrition assistance from these core programs was

available to all qualifying individuals during the Recession prevented millions from falling into poverty. The Recovery Act also expanded nutrition assistance by temporarily increasing SNAP benefits, which helped to further dampen the effects of the recession on families that fell on hard times.

As the economy has improved, the number of Americans participating in SNAP has declined by over 4 million from its peak, which is what the program is designed to do. Despite the improved economy and lower unemployment, many households still struggle to afford food and the nation's food programs continue to do important work helping these families make ends meet. The large majority of households receiving SNAP today include children, individuals with disabilities, the elderly, and working adults. In fact, two-thirds of SNAP benefits go to households with children. Last year, SNAP kept at least 4.7 million Americans — including 2.1 million children — out of poverty. Research has shown that SNAP not only reduces food insecurity, but it also leads to improved health and educational outcomes for adults and children.

USDA's National School Lunch Program and School Breakfast Program play an important role in ensuring that children have the nutritious meals at school they need to be successful students. The historic Healthy, Hunger-Free Kids Act of 2010 (HHFKA), implemented by USDA under this Administration, is a critical part of making our school meals programs a success. Today more low-income children are receiving free breakfast and lunch as a result of the Community Eligibility Provision (CEP) created by the HHFKA. This option reduces redundant paperwork at high-poverty schools and provides all students with a healthy breakfast and lunch at no charge during each school day. More than 8.5 million students have improved access to breakfast and lunch because of CEP, which is operating in 3,000 school districts and 18,000 schools.

The HHFKA not only expanded access to food for our most vulnerable, it also created a healthier food environment at school for over 50 million children. Built on science-based recommendations to increase fruits, vegetables, whole grains, lean protein and low-fat dairy, while reducing fats and sodium, HHFKA is ensuring school environments promote healthy choices, including snacks and vending options. Today, 99 percent of schools have embraced updated, healthier school meal standards, and Farm to School programs are helping kids eat fresh, healthy food while helping schools keep food dollars right in their own communities.

In partnership with states, school districts, and communities, over the last eight years USDA has undertaken robust efforts to expand access to healthy meals during the summer, when school is out and food insecurity typically rises in households with children. Since 2009, USDA and our partners have served more than 1.2 billion summer meals to low-income kids — an increase of an average of 17 million meals each year. Today, nearly 4 million children participate in summer meal programs. We have also undertaken successful pilot projects that provide families with additional nutrition assistance during the summer to test the impact of this approach to reducing food insecurity. The pilots provide modest additional nutrition assistance that families can use at the grocery store, and have been shown to significantly reduce food insecurity among children. As a result of this effective pilot, President Obama's 2017 budget calls to establish a permanent, nationwide Summer Electronic Benefits Transfer for Children program.

We have also made changes to benefit newborns to pre-K children. Today, 8 million low-income women, infants and young children receive an improved variety of healthy food through WIC—boosting fruits, vegetables, whole grains, and low-fat dairy, while expanding support for breastfeeding and nutrition education. Participation in WIC, which serves about half of all babies born in the United States, has

improved pregnancy outcomes and resulted in fewer infant deaths, fewer premature births, increased birth weights, and less prevalence of obesity for low-income preschool children. According to the Government Accountability Office, every dollar spent on prenatal WIC participation saves \$3.50 in health care costs.

In 2011, USDA launched the newly designed MyPlate icon to promote healthier eating among all Americans. MyPlate took the place of the older Food Pyramid and helps communicate science-based recommendations for healthy eating by giving Americans an easy visual method to help them find the right dietary proportions and keep their families' plates healthy.

Taken together, USDA's efforts have contributed to a steady decline in child food insecurity from its peak in 2011, with food insecurity for children at its lowest level in history. USDA also worked diligently to safeguard the integrity of its nutrition programs, making significant reductions in the SNAP trafficking rate while putting new efforts in place to support individuals transitioning from SNAP to the workforce. Under this Administration, USDA has invested more than \$300 million in state employment and training programs designed to help participants build comprehensive skill sets and match them with good-paying jobs.

Supporting Local and Regional Food Systems

When President Obama took office in 2009, "local food" was still a relatively new concept. USDA gave new priority to giving consumers what they had been asking for: a stronger connection to their food. The Know Your Farmer, Know Your Food Initiative (KYF2) was launched in 2009 to break down bureaucratic silos and take stock of existing USDA programs across the Department that could support the growing demand for local and regional food systems. Between 2009 and 2015, USDA has invested over \$1 billion in more than 40,000 local and regional food businesses and infrastructure projects. Today, more than 160,000 farmers and ranchers nationwide are selling into local markets, from farmers markets and community co-ops, to local restaurants, grocery stores and institutions, generating huge returns for local communities. Our National Farmers Market Directory now lists over 8,500 farmers markets nationwide, an increase of 93 percent since 2006. The number of SNAP-authorized farmers and farmers markets has grown dramatically, from 753 in 2008 to more than 6,400 today. Industry estimates show U.S. local food sales totaled at least \$12 billion in 2014, up from \$5 billion in 2008, and experts anticipate that value to hit \$20 billion by 2019.

In 2014, the U.S. retail market for organic products was valued at over \$39 billion, and it continues to grow. Over the past eight years, we have made great strides in strengthening USDA's programs that support organic operations—including introducing crop insurance for organic producers—helping to more create jobs and opportunities in rural communities while meeting increasing consumer demand for organic products. Today, there are more than 21,700 certified organic operations in the United States, representing a nearly 300 percent increase since 2002.

Safer Food and Greater Consumer Confidence

The work we have accomplished under this Administration represents some of the most significant positive changes to America's food safety system since the 1950s. Since 2009, USDA has made changes to meat and poultry labels, updated our food safety inspection methods, enhanced our ability to quickly and broadly investigate food safety outbreaks, modernized how our laboratories test for pathogens like E. coli and Salmonella, and reconsidered all the ways we help safer food reach store shelves. Altogether,

these new standards are expected to prevent 50,000 cases of foodborne illness annually. Thus far, the total number of foodborne illnesses attributed to products that we inspect—meat, poultry and processed egg products—fell more than 12 percent from 2009 to 2015, a signal that our strategy is working.

This Administration has shifted the overall paradigm of federal food safety efforts from one of response to one of prevention. USDA established a zero tolerance policy for raw beef products that contain certain strains of *E. coli* and developed new *Salmonella* and *Campylobacter* performance standards for poultry parts (legs, thighs, wings, etc.), which consumers purchase far more frequently than whole chickens. In August 2014, USDA finalized the most significant update to poultry food safety inspections since 1957, requiring for the first time that all poultry facilities create a plan to prevent contamination, rather than addressing contamination after it occurs. To help ensure proper handling, preparation, and storage of food, in 2009 USDA introduced a new educational campaign focused on “clean, separate, cook, and chill,” highlighting four basic safe food handling practices to prevent cross-contamination. And in 2015, we launched the Foodkeeper app for smartphones and tablets to offer consumers valuable storage advice and food safety information about more than 400 common food and beverage items whenever and wherever they need it.

Conservation and Forestry Record

Seventy-percent of the nation's land is owned and managed by private interests. And as we begin to feel the growing impacts of a changing climate, these farmers, ranchers, and landowners have willingly stepped up to meet this challenge. With USDA's support, they work to implement voluntary practices that clean the air we breathe and the water we drink, prevent soil erosion, and create and protect wildlife habitat. Since the start of this Administration, USDA has invested more than \$29 billion to help producers make conservation improvements, working with as many as 500,000 farmers, ranchers, and landowners to protect land and water on over 400 million acres nationwide. As a result of these efforts, nitrogen runoff from farm fields has been reduced by over 3.5 billion pounds; phosphorus runoff has been reduced by over 700 million pounds; and net greenhouse gas emissions have been reduced by over 416 million metric tons since 2009, or the equivalent of taking 12.6 million cars off the road for a year.

We have also instituted a new "working lands for wildlife approach" on more than 850,000 acres to address high-priority wildlife objectives across vast landscapes, such as restoring habitat for the Alabama black bear, Indiana bat, sage grouse, the New England cottontail, the Golden-winged warbler, and many other animal species, while keeping the working lands in productive use for farmers and ranchers. Through the Regional Conservation Partnership Program (RCPP), USDA pioneered a new collaborative approach to improving the nation's water quality, soil health, and wildlife habitat and protecting open spaces across the country. RCPP empowers local communities to work with multiple partners, farmers, and ranchers to develop and implement geo-specific conservation solutions that work best for them. Our \$1.2 billion investment in RCPP over the next five years can leverage an additional \$1.2 billion from partners for a total of \$2.4 billion for innovative conservation work.

Between 2011 and 2014, despite record drought, longer fire seasons and more than half of its budget spent fighting wildfire, the USDA Forest Service and our partners increased the pace and scale of forest restoration by 9 percent by removing flammable vegetation, commonly referred to as hazardous fuels. Over the past eight years, the Forest Service reduced hazardous fuels on millions of acres in the wildland urban interface and sustained or restored watershed conditions on many millions more. And, since 2009, we have reduced reliance on fossil fuels, supported rural economic growth, and advanced forest restoration by investing nearly \$1 billion to support over 230 wood energy projects across the country.

Climate Smart Agriculture and Forestry

Agriculture, forestry, and land stewardship have emerged as a central component of United States' effort to stem the impacts of climate change. To meet our national goal of reducing greenhouse gas (GHG) emissions by 26-28 percent below 2005 levels by 2025, our nation's food and forestry producers have embraced innovation and conservation. Launched in 2015, in direct response to President Obama's Climate Action Plan, USDA's Building Blocks for Climate Smart Agriculture and Forestry set the nation's first measurable benchmarks in food and forestry to reduce net emissions and enhance CO₂ sequestration by 120 million metric tons per year. Our nation's public and private forests offset up to 14 percent of GHG emissions each year. Knowing our forests are one of the earth's best filters of GHG, the Forest Service developed a landmark Forest Planning Rule in 2012 — the first such rule in more than 30 years — to guide management of the 193 million acres in the National Forest System.

To give agriculture and forest producers a reliable source of regional data and science-based information to help them address region-specific risks due to climate change, USDA established seven regional Climate Hubs and three sub-hubs. Since 2009, USDA has invested over \$656 million to support climate change research by USDA scientists and partners at land-grant universities, helping inform farmers, ranchers, and land managers as they evaluate and respond to climate-related challenges.

Putting wood to good use is another tactic in our climate plan. Using wood helps to reduce GHG emissions by storing carbon and simultaneously offsetting emissions from conventional building materials. In September 2015, in partnership with the Softwood Lumber Board and the Binational Softwood Lumber Council, USDA announced the first winners of the U.S. Tall Wood Building Prize Competition. The competition was held to promote forest restoration and retention and foster sustainability in the built environment.

We estimate that 30 to 40 percent of the U.S. food supply is wasted, and food waste is the single largest component in our landfills, which pump methane — a greenhouse gas — into our atmosphere. Our partnership with the Environmental Protection Agency (EPA) to initiate the U.S. Food Waste Challenge sets the first-ever national food waste reduction goal of 50 percent by 2030 in an effort to reduce the amount of wasted food in landfills, which in turn will reduce GHG emissions.

A More Sustainable Energy Future

The economic potential of rural America doesn't stop just at growing food. From the start, President Obama conveyed a commitment to pursuing an aggressive energy strategy, and over the last eight years, domestic energy-related emissions have fallen to their lowest level in 20 years and our dependence on foreign oil is at a 40-year low and declining. During that time, USDA has helped lead an effort to promote the domestic production and use of advanced biofuels and biobased products, supporting millions of jobs. We've invested in research, supported farmers growing bioenergy feedstocks, and helped fund thousands of bioenergy and renewable energy projects nationwide. And today, because of USDA's targeted investments, rural America is leading the way to a more diversified, more mature renewable energy sector that's making our country more energy secure than ever before.

Over the course of this Administration, USDA has invested \$332 million to accelerate research on renewable energy. Demand for renewable fuels like ethanol is increasing around the world, and that is driving U.S. exports. The United States exported 836 million gallons of non-beverage ethanol in 2015, the

second highest volume on record. Overall exports have trended upward since 2009, climbing to a value of \$1.8 billion in 2015. USDA is also investing in next-generation fuels. Since 2009, USDA has provided \$844 million in loan commitments to businesses to develop and produce advanced biofuels, and has partnered with the U.S. Navy to procure 77.7 million gallons of blended drop in biofuel, which helped to launch the Great Green Fleet of Navy vessels.

We're also doing our part to encourage the production of advanced biofuels from non-food sources through our Advanced Biofuel Payment Program. Through this program since 2008, USDA has made \$312 million in payments to almost 400 producers in 47 states, all of which have contributed to producing enough biofuel to provide more than 63 billion kilowatt hours of electric energy and over 8.6 billion gallons of advanced biofuel. With USDA support, six new biorefineries will produce advanced biofuels in Louisiana, Georgia, Oregon, Nevada and North Carolina, in addition to an existing facility in New Mexico. USDA has also made available \$100 million in grants under the Biofuel Infrastructure Partnership (BIP), estimated to nearly double the number of fueling pumps nationwide that supply renewable fuels, such as E15 and E85, to American motorists. Twenty-one states are participating in the BIP, with matching funds from state and private partners, providing \$210 million to build nearly 5,000 pumps at over 1,400 fueling stations.

In 2014, non-fuel bio-based products contributed \$393 billion and 4.2 million jobs to the U.S. economy while displacing about 6.8 million barrels of oil per year. To drive this new economy, USDA's BioPreferred program has more than 15,000 products, of which 2,700 have been tested and feature the USDA Certified Biobased Product label. We've encouraged feedstock production for renewable energy by establishing the Biomass Crop Assistance Program (BCAP) which is incentivizing nearly 1,000 growers and landowners farming nearly 49,000 acres to establish and produce dedicated, non-food energy crops for delivery to energy conversion facilities.

USDA has also reduced energy costs in rural America by investing more than \$1 billion for smart grid technologies since 2009 and funding more than 4,000 wind and solar renewable electricity generation projects that power more than 158,000 homes annually. USDA's Rural Energy for America Program (REAP) provided over \$380 million in grants and over \$595 million in loan guarantees to agricultural producers and rural small business owners, financing over 11,600 projects. All told, REAP projects are generating and saving power equivalent to removing more than 1.2 million cars from the road.

Investing in Research and Development

USDA is the world's largest agricultural research force, employing around 3,000 scientists, economists, statisticians and others, and we fund thousands more at land-grant universities and other institutions across the country. Together, our work has helped to shape the lives of billions of people around the world. USDA has invested \$19 billion in research since 2009, focused on food, agriculture, nutrition, energy, and natural resources and dealing with issues such as climate change, sustainable food production, plant and animal invasive species, water resources, human nutrition and food safety and security, and bioenergy. Research conducted by USDA scientists has resulted in 883 patent applications filed, 405 patents issued and 1,151 new inventions disclosures covering a wide range of topics and discoveries since 2009. For instance, USDA scientists recently discovered a way to remove up to 98 percent of the allergens in peanuts without affecting the flavor, thereby diminishing a severe health threat to some 2.8 million Americans who suffer from peanut allergies.

Outside of USDA research, we're also supporting small businesses and cutting edge innovation through the Small Business Innovation Research (SBIR) Program which encourages American businesses to engage in high-growth research and development that has the potential for commercialization. Since 2009, USDA's SBIR program has awarded nearly 850 research and development grants to American-owned small businesses.

Since 2009, USDA has also executed 545 new Cooperative Research and Development Agreements with companies, universities and other organizations. Under this Administration, USDA established the Foundation for Food and Agriculture Research (FFAR) to complement our efforts in support of science to address today's food and agriculture challenges and to build public-private partnerships critical to boosting America's agricultural economy. Congress provided the Foundation with \$200 million that must be matched by non-federal funds as the Foundation identifies and approves projects. In November 2016, the Foundation made its first grants to support global food security research.

An Open, More Diverse USDA

When I took over as Agriculture Secretary in 2009, USDA had a reputation marred by decades of systemic discrimination. Thousands of claims had been filed against the Department for denial of equal service, many based on race, and thousands of these claims languished for decades, unresolved. Inside our Department, our workforce—many of whom work alongside our customers in their communities—did not reflect the diversity of our customers. Soon after President Obama took office, President Obama called on USDA to uproot inequality and fix its broken system. In response, the Department acted swiftly and aggressively, making it our mission to change the culture of USDA. To root out exclusivity and build a culture of accessibility, we created new policies, corrected past mistakes, and charted a stronger, more inclusive path for our employees and the communities we serve.

When we arrived in January 2009, there were 14,000 administrative civil rights cases pending at USDA and no formal processes established to provide pathways to justice for USDA customers. Since that time, we've settled more than 23,000 claims, including thousands as part of large-scale class-action lawsuits with Native American and African-American farmers and ranchers. We also established a unified claims process for women and Hispanic farmers and ranchers, providing more than \$2.5 billion in combined payments to claimants, more than \$118 million in debt relief and millions of additional dollars to nonprofit and educational institutions.

Under this Administration, USDA has consistently received the fewest equal opportunity employment complaints and fewest complaints from program participants on record, with complaints from the Farm Service Agency—the agency that deals most directly with farmers and ranchers—down by 70 percent. Internally, we've seen diversity and representation increase steadily across the Department. Today, our staff looks more like the communities we serve, with 27 percent of our workforce comprised of minority employees and nonwhite representation up by 88 percent. We developed a model intern-to-career program and host hiring events with an emphasis on serving historically underserved communities, resulting in a 140 percent increase in the number of minority students hired.

To help farmers gain access to credit, USDA's annual lending to underserved producers has more than doubled from \$380 million in 2008 to almost \$830 million in 2015. One of the most direct links we have between USDA and farming communities is the Farm Service Agency's County Committee system. When statistical analysis demonstrated a persistent lack of diversity in some County Committees, USDA used

the authority granted under the 2002 Farm Bill to appoint voting members to over 385 committees, addressing underrepresentation of socially disadvantaged farmers and ranchers.

Building the Bench for the Next Generation

Since 2009, USDA has engaged its resources to support a strong next generation of farmers and ranchers by improving access to land and capital; building new markets and market opportunities; extending new conservation opportunities; offering appropriate risk management tools; and increasing our outreach, education, and technical support. From 2009-2016, USDA increased our investment in new and beginning farmers by increasing participation across several key programs by an average rate of 18 percent. Since 2009, through our popular Beginning Farmer and Rancher Development Program (BFRDP), USDA made 256 grants valued at \$126 million to support more than 50,000 beginning farmers and ranchers. We have also targeted outreach and technical assistance to veterans, minority and limited-resource farmers and ranchers with \$82 million in grants to 349 partners. Since 2009, USDA has issued more than 138,000 direct and guaranteed farm operating and farm ownership loans to beginning farmers and ranchers, and 72 percent of USDA's microloans have gone to beginning or underserved farmers. To help new and beginning farmers access technical assistance, capital and farm land, we created a new website—www.usda.gov/newfarmers—to provide more tailored information and contacts.

In 2016, we announced a new USDA Urban Ag Toolkit, which highlights an innovative kind of new farmer who has the passion to find agricultural opportunity on places like rooftops, vacant lots, and in old warehouses. To help new and beginning farmers effectively manage risk, USDA provided better crop insurance coverage to over 15,000 new and beginning farmers and ranchers working more than 3.8 million acres; beginning farmers and ranchers have saved over \$15.5 million in premiums and administrative fees.

Delivering Stronger Service

Faced with a discretionary budget that has been reduced by nearly 10 percent since 2010, we have consistently looked for ways to proactively improve and modernize the way we do business while avoiding unnecessary layoffs and disruption in the services that millions of Americans rely on. In 2012, we launched the Blueprint for Stronger Service, challenging our workforce to use creativity and innovation to find ways to do a better job with the resources we had at our disposal. Through these efforts, we have saved taxpayers \$1.6 billion through things like workforce reductions, closing offices and laboratories that were no longer used, implementation of modern cloud computing, and much more.

By ending planned or on-going construction projects, and getting rid of property that is underutilized or no longer necessary, we saved \$268.6 million. We implemented energy savings practices and worked with utility companies to reduce expenditures by \$6.5 million. And here in Washington, several USDA agencies have consolidated their locations from seven leased offices to a single facility, along with reducing leased space across the country, achieving more than \$46.5 million in efficiencies.

USDA is a big Department with significant buying power. By taking better steps to buy goods and services at the Department level, as opposed to individual areas or agencies, through strategic sourcing, along with our efforts to centralize our purchasing contracts, USDA has achieved \$186 million in efficiencies. USDA is also set to achieve more than \$135.5 million in efficiencies by updating agreements for IT support and services, centralizing our data servers, consolidating cell phone services, limiting IT equipment purchases, prioritizing access to modern collaborative tools for the USDA team to increase

productivity, efficiency and collaboration, and taking a modern approach to IT and digital service delivery.

Through increased telework, USDA has saved \$18 million in transit subsidies to employees. We've also cut back on staff travel, enabling the Department to avoid costs in excess of \$575 million. And, by turning to USDA's agencies and directing them to find efficiencies related to the unique work they do, we've improved management processes and established more than \$57 million in savings. Finally, we have put an end to the purchase of unnecessary promotional items, saving taxpayers more than \$1.8 million a year.

Vision for the Future

When President Abraham Lincoln called USDA the People's Department, he understood the importance of rural areas to national prosperity, peace and security, and innovation. And although they produce our food and fiber, much of our energy, products to power manufacturing, and contribute roughly 35 percent of our military members, rural America has not been appropriately prioritized by policymakers and lawmakers over the past few decades. In the last 30 years, agriculture has undergone a change marked by innovation, diversification, and new market opportunities that together are yielding vast economic gains. As agricultural practices are modernized to create greater efficiencies, our nation requires fewer and fewer farmers and laborers. The question then becomes: How do we build a new, 21st century economy in rural America to complement the production of food, fiber and fuel?

Because, in President Obama's words, "strong rural communities are key to a stronger America," the White House established the first ever White House Rural Council "to make sure we're working across government to strengthen rural communities and promote economic growth." To support the White House Rural Council's vision for rural America, USDA committed to a long-term strategic plan called the Four Pillars of Agriculture and Rural Economic Development:

Production Agriculture

We have seen extraordinary gains in productivity in American agriculture in the past 60 years. A growing body of technology and research available to American farmers and ranchers has meant both our crops and our livestock are being raised with more precision and greater productivity, making our farms and our farmers more efficient every year. To complement this rapid progress on the farm, USDA must continue to expand access to credit for more farmers and ranchers while strengthening the safety net to ensure American farmers can keep doing what they do best year in and year out. This expansion, coupled with a continued focus on research and development, and broadening overseas markets, will continue to fuel exponential growth for the most productive agriculture sector in the world.

The Biobased Economy

Everything from plastics and packaging, to cross-laminated timber for residential and commercial building, to textiles are part of today's biobased economy, benefitting farmers, ranchers, producers and working families in America's rural communities. USDA must continue to support domestic production and use of advanced biofuels by investing in research, supporting farmers who grow bioenergy feedstocks and supporting hundreds of bioenergy and renewable energy projects nationwide. More can be done to use the USDA's BioPreferred program to drive consumer demand for products that are good for them, the environment, and our economy. The program has grown by leaps and bounds since 2009, and USDA could provide

significant resources from across its portfolio to support continued growth in this emerging sector.

Local and Regional Food Systems

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. USDA must continue to strengthen local and regional food systems by investing in projects that recruit and train farmers, expand economic opportunities for small businesses and increase access to healthy foods.

Conservation and Natural Resources

As we experience the growing impacts of a changing climate, farmers, ranchers, and landowners will need to continue to meet this challenge. In the years ahead, it will be critical that USDA expand access to its portfolio of voluntary, incentive-based solutions for conservation and continue to provide regulatory certainty and predictability for producers and landowners. New conservation markets will continue to enhance the value of our nation's farmlands, while also supporting conservation practices, improving farmers' bottom lines, and ensuring a cleaner planet. One noteworthy shift in USDA's conservation approach under this Administration is seeking to establish long-lasting partnerships with regional community leaders, organizations, state and local governments, and others to ensure productive working lands use cutting-edge conservation practices to generate market and environmental incentives, while balancing the needs of wildlife and communities. Programs like the Regional Conservation Partnership Program (RCP) empower local communities while leveraging non-federal resources to design and invest in regional solutions that work best for local areas.

Focusing Rural Development on Underserved Areas

USDA's rural economic development strategy also includes a strong focus on underserved areas. Long-term poverty disproportionately affects rural communities. Remote rural towns and villages often do not have access to vital resources, such as high speed broadband or educational institutions. Rural communities have fewer people, making it more expensive to provide services on a per capita basis. In the years ahead, in an environment of constrained budgets, it will be important that USDA continue to create an environment that:

- Reduces barriers to accessing federal resources;
- Strengthens rural communities' ability to leverage local assets and federal resources; and
- Focuses federal resources to areas of greatest need.

The White House Rural Council should be continued. USDA's efforts to better target its resources to high-need areas through place-based efforts such as StrikeForce and Promise Zones, and to modernize its suite of services by leveraging partnerships with private lenders and foundations, as exemplified by the Rural Opportunity Investment Initiative Fund and the U.S. Rural Infrastructure Opportunity Fund, provide a blueprint for how USDA's efforts can facilitate economic development in underserved areas that would otherwise be overlooked without the stability provided by federal support. And the Uplift America Fund—a public-private partnership to help reduce poverty in some of the nation's poorest and most isolated rural communities—is a model effort that should be replicated.

Actions Needed

Maintain a Strong Farm Safety Net

A strong U.S. dollar and low commodity prices have created headwinds for America's farmers and ranchers, even while exports remain historically high, median farm household income remains well above median income for average Americans, and farmer balance sheets are strong. In the months ahead, it will be important that Congress ensures USDA has the tools to make affordable credit available to all farmers and operators who qualify and need support. There is also an opportunity to work with Congress to modify and improve existing safety net programs, such as the MPP Dairy program, to ensure these important programs are having the intended effect. Moreover, it is important that a new Congress consider lifting restrictions on the Agriculture Secretary's use of the Commodity Credit Corporation to provide emergency assistance to producers.

Fix the Forest Service Budget

Last year, over 60 percent of the Forest Service budget went to fire management, up from 16 percent in 1995. Typically, just 2 percent of wildfires become catastrophic in size and cost and use up 30 percent of wildfire spending. When resource needs exceed program budgets, funds are borrowed from other forest management programs. Passage of legislation to protect these programs that pre-emptively reduce fire risk and future fire costs by restoring the health of forests and watersheds is a paramount concern. Bipartisan legislation must achieve the following two goals: end the practice of fire borrowing and allow a discretionary budget cap adjustment to meet the resource needs for the remaining 2 percent of fires that become resource intensive and generate spending above base program levels.

Child Nutrition Reauthorization

The 2010 bipartisan child nutrition law has achieved significant positive results for child nutrition and health, and we hope Congress stays the course on child nutrition. It would be unwise to roll back standards, saddle parents and school administrators with more paperwork or weaken assistance for our most vulnerable children. USDA is ready to work with Congress to support bipartisan legislation that reauthorizes critical child nutrition programs to improve the health and wellbeing of the next generation.

Improve Support for Water Quality and Quantity

Over the past eight years, USDA has worked with private landowners to implement voluntary conservation practices that conserve and clean the water we drink. USDA support, leveraged with historic outside investments, boosts producer incomes and rewards them for their good work. At the same time, USDA investments have brought high quality water and wastewater services to rural communities, which are vital to their continued health and economic viability. With the quality and quantity of water resources in question in Iowa, Ohio, California, Nevada, Michigan, the Gulf states, and others, it is vitally important that USDA continue to use its expertise in rural development, conservation and science to provide leadership on these issues.

Additional Support for New and Beginning Farmers

In 2009, we recognized that the rapid aging of the American farmer was an emerging challenge. The average age of the American farmer now exceeds 58 years, and 2014 data show that almost 10 percent of farmland in the continental United States will change hands in the next five years. How do we keep these communities economically vibrant and attract new farmers, ranchers and other business owners, workers and their families? The next generation of farmers and ranchers may come from farming backgrounds or be new to agriculture; they may be college graduates coming home to farm with their families; or they

may be veterans, second career seekers, immigrants, and people from all ethnic backgrounds. Beginning farmers and ranchers will also face challenges themselves; above all, access to land, profitability, capital, and technical assistance. As these challenges are exacerbated by the aging farmer, USDA must continue to aggressively expand and ease participation by new and beginning farmers in new and existing credit, land tenure, extension, conservation, and risk management programs.

Launch First Update of Biotechnology Regulations in a Quarter Century

For the first time in nearly 25 years, USDA, working closely with EPA and FDA, is reviewing and modernizing the regulatory system for biotechnology products to improve transparency and ensure continued safety in biotechnology while supporting innovation.

Complete Implementation of GMO Labeling Law

On July 29, 2016, President Obama signed a bill into law requiring the labeling of food containing genetically modified ingredients. This is a landmark law for disclosure. Currently, USDA has established a working group and GMO Disclosure Team to manage implementation of the law. A study will seek to identify potential technological challenges that may impact whether consumers would have access to the bioengineering disclosure through electronic or digital disclosure methods. USDA must ensure that the rulemaking process closely adheres to the authority provided in statute.

Continue to Modernize USDA Services

USDA can continue to modernize its services and create efficiencies for its customers and taxpayers by focusing on the following:

- Seek shared space or shared leases among agencies and offices;
- Close additional field offices and laboratories, with a focus on areas with little to no staffing;
- Continue to implement a modern cloud computing system across the Department;
- Transition property that is underutilized to other federal agencies and partners;
- Work with utility companies to reduce expenditures;
- Maximize strategic sourcing;
- Continue the moratorium on purchasing unnecessary promotional items;
- Update and consolidate IT support and services and digital service delivery;
- Continue to restructure and recruit in a strong, diverse workforce;
- Encourage and expand use of telework; and
- Continue to encourage efficient travel decisions.

Continue to Improve Community and Employee Engagement

Employee input and approval is integral to the overall success of the Department's modernization plans, improving employee morale, office physical environment, and promotion of work-life balance. It is important that the Department continue to analyze existing workplace conditions, engage with labor management on pre-decisional material, establish advisory committees, and continue to solicit employee input. In addition, we encourage USDA leadership to continue to support the important work of the Office of Advocacy and Outreach. OAO was established by the 2008 Farm bill to improve access to USDA programs and to improve the viability and profitability of small farms and ranches; beginning farmers and ranchers; and socially disadvantaged farmers or ranchers.

Continue to Prioritize IT Modernization

USDA is taking an enterprise approach to implementing the Federal IT Acquisition Reform Act (FITARA) to drive effective business processes and decision-making to support the diverse mission of its 29 agencies and staff offices. USDA has created a structured and optimistic strategy to leverage FITARA as

an enabler--not only for regulatory compliance, but also as a means to improve internal collaboration and service delivery by the Department's 93,000 employees based in more than 4,500 locations around the world.

Continue to Build a Culture of Accessibility and Inclusiveness

Since 2009, we made it our mission to change the culture of USDA. To root out exclusivity and build a culture of accessibility, we created new policies, corrected past mistakes and charted a stronger, more inclusive path for our employees and the communities we serve. It is imperative that this work continue. In the next phase of cultural transformation, we recommend USDA leadership:

- Work with stakeholders or use existing authorities to ensure all Boards and Commissions are reflective of the public at large and the producer community;
- Continue to expand innovative hiring efforts and intern-to-career programs with an emphasis on serving historically underserved communities;
- Transition Equal Employment Opportunity reviews and administrative complaint reviews to the Office of the Assistant Secretary for Civil Rights; and
- Continue to fund Ag in the Classroom to encourage the next generation of agricultural scientists and professionals.

Closing Statement

Over the past eight years, this Administration, led by USDA, has vigorously invested in the rural way of life, strengthening the small towns and rural communities that so many call home. We've proudly supported the heart of the American dream, helping more than 1.2 million families buy, repair or refinance a home in rural America, creating more homeownership opportunities than any other previous eight-year period in USDA's single-family housing program's history. We've invested in 8,350 critical community facilities like schools, libraries, hospitals, and public spaces that improve the rural quality of life. We've facilitated the 21st century basic infrastructure of broadband in areas that desperately needed it, enabling access to new or improved high-speed internet service for six million Americans who live and work in rural areas. We've also set up the next generation of rural Americans by investing in a new economy focused on bio-based products and manufacturing; lifting the potential of conservation and natural resources to expand recreation and business opportunities; building a local and regional food system that supports millions of new jobs; and supporting the world's greatest production agriculture system which has produced record exports for our nation's farming families. And we've helped unlock billions of dollars in private capital that is now flowing into rural businesses across the country.

At USDA, we believe that the potential of rural America is limitless, and in these eight years, we've seen the proof. With the steadfast support of our partners across the nation, and historic investments from the USDA during this Administration, we are proud to say that positive change has come to our rural communities.