United States Department of Agriculture
Before the Senate Committee on Agriculture, Nutrition and Forestry
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Madam Chairwoman, Ranking Member and Members of the Committee, thank you for the opportunity to discuss the importance of measuring performance, while eliminating duplication and waste at USDA. As we fulfill our responsibility to serve the American people, we are working to live up to President Obama’s call to deliver the most transparent, accountable, and responsive government in history. Through the leadership of Secretary Vilsack, we continue to look for ways to streamline the process, work more collaboratively and save money through efficiency.

We face extraordinary challenges – creating new opportunities for economic growth and job creation in rural America, transforming our energy supply, safeguarding the health of the environment, improving our children’s well being, and providing fair and equitable access to all our programs and services. These challenges can seem overwhelming, but by focusing our attention on achieving desired program outcomes, continual improvement, and innovation, we will be able overcome these challenges.

Eliminating Inefficient Spending

Last week, President Obama and Vice President Biden launched the Campaign to Cut Waste. The goal is simple: hunt down and eliminate misspent tax dollars in every agency and department across the federal government. The President made it clear that no amount of waste is acceptable – not when it’s taxpayer dollars and not at a time when so many Americans are already cutting back. The Campaign builds on the Administration’s ongoing effort to make government more efficient, effective, and accountable to the American people.

Secretary Vilsack has set a clear course for reform and cost savings. Over the last two years, we have reduced unnecessary travel, cut postage costs by utilizing electronic communications, canceled bad loans, and improved the USDA’s data center, which has achieved
approximately $1.6 million in savings. These efforts remain active, and they are critical to the President and Secretary’s agenda. USDA also reduced its non-commodity contract spending since FY 2008 by over $68 million (2.8 percent) in FY 2010. In 2009, FSA reduced administrative operating expenses in the areas of travel, printing, supplies, and equipment that will result in a savings of $3 million. In addition, the Department reduced its use of high risk contract vehicles by 20 percent while increasing the rate of certification for its procurement personnel by 9 percent. The Department continues to implement additional acquisition savings strategies, including the Federal Strategic Sourcing Initiative, and anticipates expanding their use in FY 2011.

Under USDA’s Data Center Consolidation Plan, we will be reducing the number of our IT data centers down from 45 to 7 by 2015. The USDA has selected the National Finance Center (NFC), run by the Office of the Chief Financial Officer, to provide data center hosting services for the Department’s new financial system. Under the Financial Management Modernization Initiative, NFC will provide full hosting services, which will reduce the Department’s costs by $17.5 million over the next three years.

We share the President's vision of a strong economy, and therefore have made important budget decisions. The USDA saved $6 billion through the negotiation of a new Standard Reinsurance Agreement for crop insurance, $4 billion of which will go to pay down the federal deficit while the remaining $2 billion will expand critical programs for America’s producers.

In developing the President’s 2012 budget, we worked to identify programs that do not work, are out of date, or are duplicative. The budget effectively measures the use of available budget authority for program areas that operate a direct and guaranteed loan program for the same or similar loan purposes. In certain instances, negative subsidy rates have lead to the termination of the more costly companion program. For example, the Community Facilities Guaranteed Loan program was terminated due to the reduced subsidy rate associated with the direct program. The negative subsidy rate for the direct loan program enables the government to support more projects at a lower cost, virtually eliminating the need for budget authority to support these activities.
Reducing and Recapturing Improper Payments

We acknowledge that managing our resources is fundamental to our success. Waste and abuse draw scarce program resources away from the people who need them the most. Just as importantly, these programs cannot be sustainable without continued public confidence that benefits go to those who qualify for them, are used appropriately, and achieve their intended purposes. USDA cannot sustain the Nation’s commitment to these programs without fully meeting the expectation that they be effectively managed at all levels.

Our FY 2010 results demonstrate that improper payment error rates are being reduced and progress is being made. USDA’s improper payment error rate of 5.37 percent for FY 2010 declined from 5.92 percent in FY 2009. Seven USDA high risk programs, which are susceptible to improper payments greater than $10 million and 2.5 percent of program outlays, reported improper payment error rates below their FY 2009 error rate. Six of these programs, representing 61 percent of USDA’s total high risk program outlays, reported error rates below their reduction targets in FY 2009. This number exceeded USDA’s goal of achieving reduction targets for 50 percent or more of the Department’s total high risk program outlays.

Recently, Secretary Vilsack announced that the national average level of program payment error for SNAP has been reduced to 3.81 percent, a 0.55 percentage point reduction from the 4.36 percent reported for FY 2009. This reflects a record level of payment accuracy for the Program of 96.19 percent - the fourth consecutive year of record low error rates, and the continuation of a decade long improvement trend. In the absence of this improvement in the payment accuracy rate, FY 2010 improper payments would have been $356 million higher. It is also important to note that over 98 percent of all SNAP participants are in fact correctly certified to receive benefits—USDA continues to work hard to ensure they receive the correct level benefit. Our success in reducing the SNAP error rate is directly attributable to a strong partnership between USDA and the State agencies which administer SNAP. This shared commitment to payment accuracy has been maintained even as the States struggled to meet record demand for Program services at time when State budgets are severely challenged.
Another significant action taken was to ensure collaboration between the Department of Treasury and USDA to identify potential fraudulent and improper payments in farm programs. Since the 2009 crop year, all farm program payment recipients are required to sign a form which grants the Treasury Department the authority to provide income information to USDA for verification purposes. The reform institutes better accountability in programs and renders those out of compliance as ineligible for USDA payments. In 2009, FSA reduced the error rate in farm program payments from 2 percent to under 0.1 percent.

In support of the President’s Executive Order 13520, the Administration launched a new website, www.PaymentAccuracy.gov to give taxpayers a way to join the fight by reporting suspected incidents of fraud, waste, and abuse. On this site, you can see the rates and amounts of improper payments for each agency, the targets each agency has set for reducing improper payments, and the names of the designated accountable official at each agency responsible for meeting those targets. Also, a “Do Not Pay List” was created to serve as a single source through which all agencies can check the status of a potential contractor or individual so a barred or ineligible individual or organization is not paid erroneously. These actions are just a few of the steps the Administration has taken to fulfill its commitment to reduce improper payments through increased transparency, enhanced agency accountability, and to create new incentives for state and local governments.

Agencies are exploring innovative tools and solutions for recapturing improper payments and enhancing payment accuracy. Some significant achievements include a Memorandum of Understanding (MOU) between FSA and the Internal Revenue Service (IRS). The MOU allows FSA to crosscheck producer certifications to ensure that they meet the adjusted gross income (AGI) eligibility requirements for participation in farm programs against the IRS income tax data. No tax data is exchanged, rather a list of farm program applicants is submitted to the IRS and the IRS returns to FSA a list of producers whose may be ineligible to participate. FSA requires the identified at-risk producers to provide additional data to verify their eligibility.
FNS is constantly seeking to identify new ways to improve program integrity in SNAP, while ensuring access and customer service. USDA and its State partners have continued to regularly make progress through a combination of thoughtful policy and the application of technology solutions. A range of policy options offered to the States by USDA, including business process reengineering, broad based categorical eligibility and simplified reporting, have allowed States the administrative flexibility to tailor the program to best meet the needs of their population while reducing or eliminating known sources of error. Careful examination and redesign of critical business processes by the States, coupled with targeted investments in technology, have also played an important role.

Significant opportunities exist to provide more access to data needed to analyze causes and trends in SNAP improper payments. Making available more robust data through a web-based environment will greatly enhance the ability of FNS and the States to spot emerging trends and act on them proactively. For FY 2012, the budget proposed increased funding to support the automation of the State and Federal SNAP quality control process. FNS will require States with payment accuracy challenges to implement corrective action plans and technological upgrades to improve control.

USDA is not just concerned with payment accuracy, making certain participants receive the proper benefit. It also works to ensure that benefits are used for their intended purpose – helping low-income households secure a healthy diet. The sale or purchase of SNAP benefits for cash is called trafficking, an illegal activity punishable by criminal prosecution. Trafficking in SNAP is not tolerated. Over the last 15 years, FNS has aggressively implemented a number of measures to reduce the prevalence of trafficking in SNAP from 4 percent down to its current level of 1 percent. Over the last ten years, 8,045 retail stores were permanently disqualified due to trafficking. Recipients who commit fraud also face penalties including disqualification.

Despite the significant decline in trafficking in SNAP, FNS continues to implement aggressive measures to improve program integrity and detect and stop fraud. All available resources – from state-of-the-art technology to undercover investigations to criminal prosecutions – are used to reduce and prevent trafficking and other program abuses. All of this
allows FNS to focus on high risk cases and further advance our ability to ensure that recipients and retailers who misuse benefits meant for those in need of food assistance are held accountable for their fraudulent actions.

FNS is also implementing “direct certification” for children eligible for free lunches and breakfasts. The process of direct certification involves the use by schools of income eligibility data from households with school-aged children, so that the school can certify free meal eligibilities without additional paperwork from the household or for the schools. Means-tested programs, such as SNAP, have stricter eligibility and verification requirements than the school meals programs. Use of this information allows certification of children certain to be eligible, permitting schools to focus their efforts on recruiting and accurately determining the eligibility of other children with more complex eligibility profiles, which helps improve correct certification and reduce improper payments.

The 2012 Budget includes a legislative language request to be added to a list of agencies that are allowed to access the Department of Health and Human Services New Hires Database. RD will use this database to verify incomes of residents living in Section 514 and 515 financed properties. Residents living in these properties are required to certify their income level annually or if income levels fluctuate by $100 a month during the year. The database would allow RD to verify income and employment information utilizing social security information. Verifying this information will ensure that an appropriate level of housing subsidy is being provided on behalf of the tenant.

**Improving Program Delivery**

Recently, the President announced the creation of the White House Rural Council which will be headed by Secretary Vilsack. The goal of the Rural Council is to enhance the Federal Government’s efforts to address the needs of rural America, to better coordinate Federal programs and maximize the impact of Federal investment to promote economic prosperity and quality of life in our rural communities. The White House Rural Council will focus on actions to better coordinate and streamline federal program efforts in rural America, and to better leverage
federal investments. The collaboration will result in better programs and services in rural communities and maximize the benefits of those programs.

Secretary Vilsack has challenged us to think creatively about how we do business and make changes in structure, program delivery, staffing, or responsibilities to improve our efficiency or quality of service. But we are not doing this alone. Consistent with the President’s Executive Order 13563 on regulatory reform, we have asked for public comment on whether any existing program rules should be modified, streamlined, clarified, or repealed to improve access to USDA programs. Our intent is to minimize burdens on individuals, businesses, and communities attempting to access programs that promote economic growth, create jobs, and protect the health and safety of the American people. The comments will allow us to hear directly from those who use USDA programs as we work to streamline rules in a way that improves access to resources intended to create jobs and grow the economy.

The following are some examples of our current efforts to simplify and improve program efficiencies, reduce administrative and operating costs, and reduce barriers for entry and access to USDA programs:

- **Rural Development (RD):** To better serve its customers, RD is reviewing its regulations to determine which application procedures for Business Programs, Community Facilities Programs, Energy Programs, and Water and Environmental Programs can be streamlined and requirements synchronized. RD is approaching this exercise from the perspective of the people it serves, specifically by communicating with stakeholders on two common areas of regulation that would provide the basis of reform. This process will look to have similar requirements for programs that are focused on a similar applicant base, such as non-profit, Native American Tribes, and public bodies such as Community Facilities and Water and Environmental Programs will make an effort to have similar requirements.

  To the extent practicable, each reform effort will consist of a common application and uniform documentation requirements making it easier for constituency groups to apply for
multiple programs. In addition, there will be associated regulations for each program that will contain information specific to each program.

The first area will provide support for entrepreneurship and business innovation. This effort will streamline and reformulate the Business & Industry Loan Guarantee Program and the Rural Energy for America program. The second area will streamline programs designed for municipalities, tribes, and non-profit organizations, specifically Water and Waste Disposal; Community Facilities; and programs such as Electric and Telecommunications loans that provide basic community needs. This regulatory reform initiative has the potential to reduce the burden to respondents (lenders and borrowers) by as much as 25 percent.

RD also continues to transition to a new computing environment that provides greater flexibility for management and business development. The Comprehensive Loan Program (CLP) retires legacy accounting systems and replaces them with upgraded accounting systems that can be utilized to support business needs of today. Replacing these systems mitigates difficulties in modifying, maintaining, and meeting new requirements, improves the use for internal and external customers, improves the integrity of the entire loan portfolio, and improves management reporting and analyzing capabilities. No new funding has been requested for this transition and all savings realized from reducing infrastructure costs are being used to continue the transition. The CLP will enable RD to implement new statutory or regulatory provisions in a more timely and effective manner.

- **Natural Resources and Environment (NRE):** NRCS has initiated the Conservation Delivery Streamlining Initiative (CDSI) to implement a more effective, efficient, and sustainable business model for delivering conservation assistance across the Nation. NRCS plans to simplify the customers’ participation in NRCS’ technical and financial assistance programs, streamline the delivery and timeliness of conservation assistance to clients, and enhance the technical quality of NRCS’ conservation planning and services. CDSI will:
  - Allow NRCS field staff to spend more time on conservation planning in the field with customers, reduce the time needed to implement cost-share contracts, and provide more flexibility for customers to work with NRCS in different ways. NRCS estimates that this
initiative has the potential to significantly reduce the amount of time required for producers to participate in USDA’s conservation programs. This includes efficiencies from reduced paperwork, data entry by the client, and reduced travel time to and from the local office to complete forms and other administrative tasks. Improvements being considered include:

- Provide an online portal that will give customers a 24/7 ability to apply for programs or services, review their plans and contracts, view and assess natural resource information specifically about their farm, evaluate the costs and benefits for various conservation treatment alternatives, notify NRCS of installed practices, and check on contract payments;
- Provide clients with more timely and specific information on alternative conservation treatments, including the environmental benefits of their planned and applied practices;
- Accelerate payments to customers; and
- Simplify conservation plan documents to more specifically address customers needs and goals.

Through reduced document handling, reduced decision-making and approval times, improved access to best-available information and technology, and staffing strategies that are aligned with streamlined processes, NRCS and USDA will benefit from a business model that will enable field technical staff to spend as much as 75 percent of their time in the field with clients, compared to the 20 to 40 percent now often reported.

The 2012 budget includes additional funding for the Conservation Effects Assessment Project (CEAP) that will enable NRCS to form the basis for demonstrating outcomes from conservation programs and improve the reliability and accuracy of data sources for national, regional, and watershed-scale assessments. It will also allow for more accurate and useful estimation and measurement of conservation accomplishments and enhance NRCS’s ability to effectively target assistance to areas with the greatest need. CEAP tools also will support further CDSI development. For example, CDSI will use CEAP technology to estimate sediment, nutrient, and pesticide transport in order to formulate conservation alternatives with clients and resulting potential environmental benefits, which will streamline financial assistance delivery.
NRE, in cooperation with the Council on Environmental Quality (CEQ), are considering a series of initiatives to improve and streamline the NEPA process as it applies to Forest Service (FS) projects. Without jeopardizing environmental quality, these initiatives would distinguish those projects that may have little or no adverse impact. Before beginning a management project, FS undertakes extensive environmental analyses under the National Environmental Policy Act (NEPA). These analyses ensure that FS fully considers the environmental implications of projects and examines a range of alternatives. NEPA compliance costs are a significant expense for the Forest Service and the reviews entail significant time commitments. An average Environmental Impact Statement (EIS) can take over 1 ½ years to complete and an Environmental Assessment (EA) over 8 months.

These Forest Action Plans collectively represent the first-ever strategic plan for the Nation's state and private forests. The impetus for this historic effort grew out of landmark changes in the Food, Conservation, and Energy Act of 2008 (the 2008 Farm Bill), when Congress tasked the States and territories to craft assessments of the forests within their boundaries and develop strategies to address threats and improve forest health. States had flexibility in the approach they used to develop their assessments and strategies, but all States were guided by three national priorities:

- Conserving working forest landscapes
- Protecting forests from threats
- Enhancing public benefits from trees and forests

In 2010, the States and territories each produced Statewide Forest Resource Assessments and Strategies (59 in total) containing an in-depth analysis of the state and private forests within their boundaries and the resulting strategies to address the various threats they identified. According to the Assessments (called Forest Action Plans for short), the primary trends and threats facing the Nation’s state and private forests include changing ownerships of private lands, increased urbanization and conversion of forestlands to other uses, and the effects of climate change, wildfire, and invasive species.
The resulting Forest Action Plans provide an analysis of forest conditions and trends and delineate priority forest landscape areas. They offer practical, long-term plans for investing State, Federal, and other resources where they can be most effective in achieving national conservation goals.

In addition, the Forest Service is in its fourth year of implementing the State and Private Forestry Redesign effort, which is a progressive strategy intended to focus and prioritize funds and resources to better shape and influence forest land use on a scale, and in a way, that optimizes public benefits from trees and forests for current and future generations. In FY 2011, the Forest Service will continue to advance its mission to sustain the Nation's forests through the Redesign effort by allocating at least 15 percent of net funds (not including national commitments) available for the Forest Health Management - Cooperative Lands, State Fire Assistance, Forest Stewardship, and Urban and Community Forestry programs through the Redesign's competitive process. This competitive process is based on the assumption that our collective efforts will be most effective if available resources are focused on issues and landscapes of national importance, and prioritized using Forest Action Plans on activities that promise meaningful outcomes on the ground. This competitive resource allocation was identified as an effective means of ensuring that federal State and Private Forestry (S&PF) dollars are invested in projects that meet this standard.

In FY 2010, S&PF competitively allocated $19.21 million to State Foresters, supporting 98 projects in 46 States (as well as 3 Pacific Islands and Puerto Rico). These allocations enabled the Forest Service to leverage almost $24 million partner dollars and in-kind contributions. These projects included such things as partnerships to reduce forest fragmentation to efforts to encourage the development of wood energy to hazardous fuels treatments near communities.

The Forest Service embarked on an initiative to achieve $90 million of administrative savings in FY11 by way of acquisition efficiencies and reduced contract spending. The agency's acquisition work is accomplished at over 160 locations Service-wide. A small team is leading this effort by focusing on the capture and reporting of acquisition savings and on training Project Managers about techniques for decreasing contract costs and eliminating unnecessary
requirements. The majority of contract savings to-date have come from the IT acquisition group located at the Albuquerque Service Center, where they have been aggregating contract requirements to realize economies of scale, re-evaluating market research and requirements to minimize costs, and converting contracts from labor hour to fixed price. In the first half of FY11, the agency has realized $11.6 million in savings and an additional $51 million of cost avoidance over the next three years. Based on current spending levels, the agency is on track to achieve their $90 million target in savings by the end of the fiscal year.

**Improving Program Performance**

Strategic planning is a dynamic process used by USDA to ensure the best results for America. USDA’s Strategic Plan outlines our strategy to build a revitalized rural economy that creates real opportunity for growth and prosperity. The plan articulates four strategic goals and 14 objectives that describe the Department’s major programmatic policies and our commitment to provide exceptional service and state-of-the-art science through consistent management excellence across the Department.

In order to achieve meaningful performance improvement, we have identified desired outcomes and performance measures, as well as the means and strategies to achieve them. Performance measures are used to track the progress of attaining our objectives and overarching goal. We continually assess the quality of our services and our success in reaching our goals. The process involves an in-depth review of each of the agency’s goals, objectives, and performance measures as they relate to the achievement of the Department’s strategic goals. The results of this review form the basis for specific budget proposals and are reflected in our Annual Performance Plan, which is released with the budget. In addition, every year, the Department releases the Performance and Accountability Report, which tracks our achievement progress. In the 2010 report, we reported that agencies met or exceeded 31 of the 41 measures, 8 were unmet, and 2 were deferred.

Our close attention to performance outcomes and results has allowed USDA to better support its constituents as they strive to take advantage of today’s new opportunities. We have
achieved many important successes by ensuring access to innovative technologies, promoting the production of renewable fuel and energy, opening new markets for crops, better utilizing our natural resources, and improving the health of America’s children.

**Rural Development**

We have made substantial investments in rural America to help people capture emerging opportunities. With more than 40 Farm Bill programs, RD was able to provide resources to modernize our Nation’s infrastructure, provide broadband access, enhance energy independence, expand educational opportunities, and provide affordable health care. More than 33,700 rural jobs were created and saved as a result of the assistance that RD provided to more than 500 rural businesses; and more than 150,000 rural residents became homeowners in fiscal year (FY) 2010.

President Obama established a goal to deploy the next generation of high-speed wireless coverage to 98 percent of all Americans. With funding from the Recovery Act, we have done more to bridge the digital divide for rural Americans than many ever thought possible. Nearly 7 million rural residents, 364,000 businesses, and 32,000 anchor institutions – such as schools, libraries and hospitals - will gain easy and affordable access to high-speed broadband. These projects will create more than 25,000 immediate and direct jobs and are expected to contribute to long-term economic development opportunities in each rural community where a broadband project is launched.

Advancing biomass and biofuel production, which has the potential to create green jobs, is one of the many ways we are working to rebuild and revitalize rural America. By producing renewable energy – especially biofuels – America’s farmers, ranchers, and rural communities have the ability 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 4.67 billion in kilowatt hours – enough energy to power 390,000 American homes for a year. USDA investments in renewable energy led to the production of nearly 1 billion gallons of advanced biofuels in FY 2010. Through USDA’s ‘Wood to Energy’ initiative, we are helping expand the use of woody biomass as a clean renewable fuel while accomplishing forest restoration work.

**Farm and Foreign Agricultural Service**

Developing and supporting market opportunities for agricultural producers overseas has created jobs and prosperity in rural America. Strong U.S. farm exports are a key contributor to building an economy that continues to grow, innovate, and out-compete the rest of the world. Under President Obama's National Export Initiative (NEI), we are on track to double U.S. exports by 2014 by providing support businesses, both large and small, in ways that will allow us to reach more of the world's consumers. For FY 2011, USDA is currently projecting agricultural exports will reach $137 billion, an increase of $28 billion over last year.

Every $1 billion in farm exports supports roughly 8,400 jobs in the United States. The growth in exports projected for this year is expected to support over 237,000 additional jobs. To build on this progress we need to continue to reach out to small and medium-sized businesses and to provide guidance and assistance on breaking into export markets. Currently, only 1 percent of U.S. companies export their products.

USDA plays a pivotal role in protecting and restoring America’s forests, farms, ranches, and grasslands, while making them more resilient to threats and enhancing natural resources. The Department partners with private landowners to help conserve and protect the Nation’s 1.3 billion acres of farm, ranch, and private forestlands. The Conservation Reserve Program (CRP) has reduced soil erosion by more than 8 billion tons, including an estimated 325 million tons in 2010. On fields enrolled in CRP, nitrogen and phosphorus losses were estimated to be reduced
by 607 million pounds and 122 million pounds, respectively, in 2010. In addition, CRP acreage reduces the impacts of downstream flood events and recharges groundwater aquifers.

The Risk Management Agency (RMA) has successfully used data mining for a number of years to combat suspected fraud, waste, and abuse in the Federal crop insurance program. Currently, RMA and FSA are in the process of developing a joint system of records notice that will allow FSA data to be used in the data mining process. This change is expected to improve RMA data mining capabilities to reduce fraud and abuse in the Federal crop insurance program and will, for the first time, allow data mining to be used to identify potential fraud and abuse in the FSA farm programs. FSA and RMA have also developed the Common Information Management System (CIMS), which provides for the sharing of common producer data between FSA, RMA, and the approved insurance providers. The sharing of data allows for timelier cross checking of producer information to reduce fraud and abuse as well as inadvertent data entry errors.

**Food, Nutrition and Consumer Services**

USDA’s Food and Nutrition Service administers, in partnership with the States, the Nation’s nutrition assistance programs, which serve one in four Americans annually. These programs are critical to this effort. Yet significant challenges remain that underscore the difficulty of achieving this goal. Unemployment and poverty rates remain unacceptably high, particularly childhood poverty. In the midst of these challenges, the nutrition assistance programs have responded decisively to help struggling families put food on the table. Participation in the Supplemental Nutrition Assistance Program (SNAP) has grown dramatically to a record 44.5 million people in March 2011, roughly half of which are children. And throughout the sharp rise in participation, the Department has continued to work with its State partners to promote access without sacrificing integrity. Last week, the Department announced the Fiscal Year 2010 SNAP Quality Control error rate – a record-low 3.81 percent, reflecting our close partnership with the State agencies that operate the program and this Administrations’ commitment to financial stewardship of citizen’s tax dollars.
Our state partners have also responded to USDA/FNS-led efforts to streamline administration and cut through the red tape that serves as a barrier to struggling families and creates a burden to already overworked State agencies. In SNAP and other programs, we have made it easier for eligible low-income working families to get benefits by encouraging States to adopt policy options and use technology that can simplify the process of obtaining critically-needed assistance. We have also enabled low-income children to receive free school meals by promoting direct certification, which uses data from other means-tested programs to ensure that these children meet eligibility requirements without needing to file a separate application. This effort has significantly reduced paperwork for both low-income families and States agencies, and it has allowed 1.6 million more children to be directly certified in School Year 2009-10 than the previous year.

The Administration has also set a goal to solve the problem of childhood obesity within a generation so that children born today will grow up healthier and live longer, more productive lives. Studies have shown that roughly one third of American children are at risk for preventable diseases like hypertension, diabetes, and heart disease due to being overweight and obese. Current health science suggests that if we do not take steps to address this public health epidemic, the current generation of children may actually be the first to have shorter life expectancies than their parents. In addition, nearly 10 percent of American health spending can be attributed to obesity, reflecting the tremendous drain that obesity-related diseases have on our economy. This is also a national security issue as many of our young people are unable to qualify to serve in uniform due to health issues. These data leave no doubt that the need for improved access to healthy foods is evident every day across the country. At the same time, they underscore the need for better health promotion and sound nutrition guidance to both nutrition assistance program participants and the general public.

The Child Nutrition Programs are critical to this effort, serving as a model of good nutrition, and teaching children and their families to make wise food choices that will help them to lead healthier, more productive lives. The recent enactment of the Healthy, Hunger-Free Kids Act (Act) presents us with an historic opportunity to combat child hunger and improve the health and nutrition of children across the Nation. Implementation of the Act will help to promote good health, improve the diets of our children and address obesity by improving school meals and
reforming the overall school nutrition environment. In addition, it will reduce the barriers that keep children from participating in school nutrition programs and enhance program performance. FNS will continue to implement the new law in a thoughtful, flexible way, with input from its key partners.

Partnerships also play a key role in FNS’ overall administrative strategy, where the agency continuously leverages its ongoing relationships with States to modernize, streamline, and improve program operations. As you know, all nutrition assistance programs are operated in partnership with State governments, and the very circumstances that have driven increased demand for these programs has also reduced the revenue available to States to operate the programs. This is particularly important in SNAP, in which States must cover half of the costs required to administer the program.

Other times performance is affected by consumer behavior. We observed a drop in the numbers of requests for nutrition education materials as the anticipated release drew near of the latest of the Dietary Guidelines (in this case, the 2010 *Dietary Guidelines for Americans*). Because stakeholders were well informed that new guidance would be forthcoming, they were less likely to seek information that they thought would soon be out of date or inconsistent with the future practices.

**Natural Resources and Environment Mission Area**

**Forest Service**

Process improvement for our National Forests have included the need to change approaches entirely to achieve our goals. The Forest Service target for increasing the percentage of total National Forest System land base for which fire risk is reduced through movement to a better condition class was not met because the Forest Service shifted funds to focus treatments on acreage in the Wildland-Urban Interface (WUI). WUI refers to those areas located at the interface of unoccupied land and human development, where wildfire poses the greatest risk to homes and other infrastructure. Because treatments in the WUI emphasize objectives related to resource protection over objectives related to ecological conditions, this shift in funding reduced the total number of acres that improved condition class.
There have been numerous accomplishments in the FS Solar Energy initiative. For example, the sun is now supplying up to 20 percent of the Wayne National Forest Headquarters’ energy needs. The contractor (a local Service Disabled Veteran Owned Small Business) installed 253 additional solar panels on the roof of the building, bringing the total number of panels to 303. As of September 2010, the use of solar power here has reduced 65 tons, or 130,000 pounds, of carbon dioxide emissions, by substituting 63.9 tons of coal, which would have been used to generate the building’s electricity needs.

Some of the best money saving ideas are the simplest. When challenged by the Secretary to save money, the Forest Service suggested simply halting their practice of painting their vehicles green. By transitioning to all-white vehicles, FS has generated a savings of $1.8 million annually.

**Natural Resources Conservation Service**

Despite difficult economic conditions in FY 2010, through the Conservation Stewardship Program, a cooperative effort with agricultural producers, we have improved water and soil quality, enhanced wildlife habitat, and addressed the effects of climate change on nearly 25.2 million acres, a land area equivalent in size to the State of Virginia. We have also worked with producers through the Wetlands Reserve Program, Environmental Quality Incentives Program, and Wildlife Habitat Improvement Program to improve habitat on more than 471,000 acres for migratory birds that may have been impacted by the Deepwater Horizon oil spill.

The Conservation Effects Assessment Project (CEAP) is designed to estimate the effects of conservation practices on the landscape. The CEAP cropland assessment combines comprehensive farmer surveys and detailed soils information with edge-of-field and in-stream modeling to produce scientifically based estimates of the effects that conservation is having on cropland. Two of 14 regional CEAP cropland reports, the Upper Mississippi River Basin and the Chesapeake Bay Region quantify the great progress farmers have made in reducing sediment and
nutrient losses, while revealing a continuing need for conservation efforts to focus on nutrient management.

The Farm Service Agency and the Natural Resources Conservation Service have worked with farmers, ranchers, forest land owners, and other entities to protect millions of acres of the most critical and important farmland through conservation easements and rental contracts. During 2010, enrollment in the Wetlands Reserve Program reached its highest one-year level of 272,762 acres, bringing the total cumulative program enrollment to nearly 2.5 million acres. Also, NRCS and FSA jointly administer the Grasslands Reserve Program (GRP) to help landowners restore and protect grassland, rangeland and pastureland. The 2008 Farm Bill reauthorized GRP for an additional 1.2 million acres, and enrollment in 2010 exceeded 335,000 acres.

The 2011 full-year continuing resolution adopted the Administration’s proposals to reduce funding for three programs that were deemed redundant or better administered by local partners and sponsors. These include the Resource Conservation and Development (RC&D) Program and the Watershed and Flood Prevention Operations (WFPO). The RC&D program’s goal to build community leadership skills through the establishment of councils has been sufficiently addressed and can now be turned over to local councils to operate. Most of the program benefits for WFPO are highly localized and the Administration believes that these projects should be the responsibility of local project sponsors. Further, WFPO projects have been entirely earmarked in recent years, diminishing the ability of NRCS to prioritize projects based on performance goals and a range of other factors. Finally, the 2011 full-year continuing resolution did not adopt the proposal to terminate the Watershed Rehabilitation program, which reflected the Administration’s position that the maintenance, repair and operation of federally built dams that have reached the end of their design life, are primarily a local responsibility.

**Improving Civil Rights:**

We believe that every farmer and rancher should be treated equally and fairly. As part of our work towards addressing complaints of discrimination in program delivery, over the past
year, we have entered into settlements with black farmers as well as Native American farmers who claim to have faced discrimination by USDA in the past decades, and established a unified claims process for Hispanic and women farmers and ranchers who believe they have faced discrimination. These actions will allow those that have been waiting to get the relief they deserve and have long been promised. While we are pleased with the important progress that has been made, we are continuing to take steps to become a model service provider and employer.

In April 2009, as part of our comprehensive effort on civil rights, Secretary Vilsack called for an independent assessment of USDA’s program delivery. In May 2011, we released the results of this Civil Rights Assessment, which provides recommendations that will help USDA improve field-based service delivery to minority and socially disadvantaged farmers and ranchers.

A significant number of the recommendations have been addressed by our efforts. For example, USDA will hold all managers accountable for utilizing a diverse pool of applicants for vacancies/promotions. Also, FSA employees will be required to thoroughly explain to applicants the reasons when they deny loan or program applications and what the applicant can do to improve chances of securing approval in subsequent applications. We are taking the other recommendations seriously in our effort to be a model service provider. A working group chaired by Secretary Vilsack and consisting of USDA leadership and senior career employees will review, analyze, and implement key recommendations of the Assessment.

We are taking other measures. For example, we are making improvements using lean six sigma to shorten the process for program complaints and will be doing so for employment complaints. A pilot project currently underway has reduced the program complaint intake processing time from an average of 90 to 30 days. In addition, we are working on a program complaint form, rather than filing by letter, that will reduce complaint processing times and errors, and reduce customer trips to USDA offices to file a complaint. Further, the Office of Assistant Secretary for Civil Rights has eliminated duplicative administration functions, created standard operating procedures for each phase of the employment and program complaint process, and restored certain key staffing to levels not seen in a decade.
The success of USDA’s recent efforts to confront a history of civil rights abuses has been recognized and verified by a host of internal and external parties and metrics. For example, in FY 2010, USDA saw the lowest number of FSA complaints filed (37) and the lowest total number of Equal Employment Opportunity (EEO) complaints filed (461) since the Department began keeping track. The number of merit findings of discrimination has increased from 3 in FY 2007 to 22 in FY 2010. We are on track this fiscal year to see further reductions in filed EEO complaints and an increase in merit findings of discrimination. The Department is reducing the backlog of discrimination complaints by focusing additional resources on complaints processing and has also started to address complaints that were previously settled without full consideration.

The number of EEO complaints filed by USDA employees has dropped significantly since FY 2007 and the number of merit findings of discrimination have increased. The efforts of OASCR to ensure USDA employees are aware of their rights is evidenced in these numbers. In FY 2007 – 562 complaints were filed and there were 3 findings of discrimination; in FY 2008 – 555 complaints were filed with 4 findings of discrimination; FY 2009 – 529 complaints were filed with 13 findings of discrimination; FY 2010 – 461 complaints were filed with 22 findings of discrimination; and for FY 2011 – 294 complaints have been filed to and we projection there will be close to 485 by the end of the fiscal year. We have 17 findings of discrimination to date and projection by the end of the fiscal year there will be about 30.

USDA experienced a troublesome past as it relates to equal employment opportunity (employment) and civil rights (program delivery). One of Secretary Vilsack’s top priorities is to improve equal opportunity and civil rights conduct throughout USDA, thereby improving USDA’s record and establish USDA as a model employer and premier service provider. To achieve this end, the Secretary directed the establishment of an accountability unit in the Office of Human Resources Management to review all EEO and Civil Rights decisions in which there is finding against USDA and settlement agreements of individual and employee complaints of discrimination. Since its creation in May 2010, USDA identified and acted to hold individuals accountable through appropriate disciplinary or adverse action in more than 45 cases involving
managers, supervisors and executive service employees where liability against USDA was found. Since the implementation of this initiative, USDA has made significant progress and continues to work with agencies to ensure the identification of appropriate action(s) to correct and deter future misconduct and inappropriate behavior by our employees.

**Conclusion:**

In summary, President Obama and Secretary Vilsack have sent a clear message that they seek a more responsible government focused on transparency, accountability, and integrity. USDA is striving to live up to those expectations, while ensuring that American agriculture and rural communities stay strong through the 21st century and beyond.

USDA is continuously working to transform itself into a model organization. By tracking performance, focusing on program outcomes rather than outputs, aligning budgetary resources to our goals, and strengthening management operations to address challenges that hinder improved performance, the Department will enhance program performance and achieve its goals.