

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Statement of Dr. Gregory L. Parham, Administrator
Before the Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies

Mr. Chairman and distinguished members of this Subcommittee, I appreciate the opportunity to appear before you on behalf of the dedicated and hard-working men and women of our Agency to discuss the United States Department of Agriculture's (USDA) priorities for the Animal and Plant Health Inspection Service (APHIS) and to provide you with an overview of our Fiscal Year (FY) 2013 budget request.

APHIS is committed to working with States, Tribal Nations, farmers, ranchers, and all stakeholders to address the animal and plant pest and disease challenges that affect agriculture, including our natural resources, and our nation's ability to feed, clothe, and provide fuel for people in the United States and around the world. Our programs continue to support all of the Secretary's goals: assisting rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving; ensuring our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources; helping America promote agricultural production and biotechnology exports as America works to increase food security; and ensuring that all of America's children have access to safe, nutritious, and balanced meals.

With the continuing need to address the national debt, we recognize that APHIS needs to do its part in reducing Federal spending while efficiently and effectively carrying out our core mission of protecting U.S. agriculture. APHIS takes great pride in its ability to achieve results; we seek new challenges and ways to improve assistance to our customers and stakeholders within available resources. To make the most of taxpayer dollars, we have taken a strategic approach to focus our efforts on the highest priority areas and those projects and programs where we can deliver optimal results. The President's budget proposal allows us to do that, while at the same time increasing operating efficiencies and reducing activities in lower priority areas.

I want to first acknowledge the level of dedication and effort that APHIS employees give to their jobs every day and would like to report on our key accomplishments of the past year. APHIS is making progress in implementing the new approach to animal disease traceability, which takes into account State and industry concerns and priorities. Using this approach, we will be better positioned to prevent disease from spreading and to eradicate diseases where they exist by more quickly tracing infected and exposed animals. Based on the extensive input the Department received from States, Tribes, and other regulated entities, the Secretary established four basic tenets for animal disease traceability. The approach: (1) directs more responsibility to States and Tribal Nations for its administration; (2) applies only to livestock moved interstate; (3) encourages the use of low-cost technologies; and, (4) is transparent. The new framework closes gaps in our ability to trace potentially sick animals and builds on prior investments. For example, we will use and make available to States and Tribes the information technology infrastructure that we developed to support our traceability efforts to date. Due largely to the

focus on animals moving interstate that present a higher risk of disease spread and the use of low-cost tags for identifying animals, we expect that the new system will involve fewer costs for producers than the previous National Animal Identification System. We also recognize that a one-size-fits-all approach might be unrealistic for our nation's diverse animal agriculture community, and we are accommodating the management practices of various sectors. In August 2011, USDA published a proposed rule on traceability for livestock moving interstate with a comment period that ended on December 9, 2011. We will evaluate all comments on the proposed rule before publishing a final rule, which we anticipate doing by the end of 2012. APHIS is committed to working with States and stakeholders to implement a program that will be effective and practical.

APHIS is also developing innovative approaches for our traditional animal disease programs to reduce some of the requirements on producers where possible, while continuing to address the disease risk and assuring our trading partners of the United State's disease-free status. One of our first efforts is the transition to a risk-based disease management concept for our brucellosis program. In conjunction with the Greater Yellowstone Area States (Montana, Wyoming, and Idaho), whose cattle producers face a continual risk of brucellosis transmission from wildlife, we are developing designated surveillance areas when the disease is detected in a domestic cattle herd rather than having to downgrade the entire State's status. To make this change (which will reduce testing requirements and movement restrictions on producers outside the affected area), we are also focusing surveillance sampling for the disease in cattle at slaughter to demonstrate our national status and keep export markets open to U.S. cattle and products. APHIS published an interim rule in FY 2011 that provides for a national brucellosis surveillance plan and includes

implementation of a risk-based disease management and surveillance area concept. Based on the comments received, APHIS is crafting a final rule.

To protect specialty crop production in the United States and ensure the availability of fresh fruits and vegetables, we have continued progress toward eliminating the European grapevine moth (EGVM) from California. This program protects more than 11,000 grape farms in the State (more than 40 percent of which are in the immediately affected area) as well as those in 30 other States with climates suitable for EGVM. This pest, detected in October 2009, can cause losses of 80 to 100 percent in affected vineyards, but APHIS, the California Department of Food and Agriculture, industry partners, and a host of other partners have worked together on an intensive effort that reduced the number of moths detected by more than 99 percent between FY 2010 and FY 2011. Additionally, because trading partners have confidence in survey, quarantine, and control programs implemented by APHIS and the State, international markets have remained open to U.S. grapes, stone fruits, berries, and other host commodities. Continued activities will be needed for the next several years to ensure that the pest is eradicated and to protect grape production, worth \$3.9 billion in California alone.

On January 3, 2012, APHIS announced the eradication of the citrus-destroying Mexican fruit fly from the United States. After a long, cooperative effort with the citrus industry in the Lower Rio Grande Valley area of Texas, the Texas Department of Agriculture, and our counterparts in Mexico, the United States is free of this pest for the first time since 1927. Because this pest is still present on the Mexican side of the border, the threat of reinfestation will continue until Mexfly is eradicated from seven municipalities across the border. APHIS will continue

preventive releases of sterile Mexflies in the United States along the border to guard against the re-encroachment of the pest and continue cooperation with Mexico on this and many other programs.

Recognizing the importance of trade to the national economy, we also support our farmers and producers' ability to export their products, an important source of income for our farmers. Last fiscal year, APHIS helped resolve 115 sanitary (animal) and phytosanitary (plant) issues involving U.S. agricultural exports, including opening new markets and expanding and retaining existing market access for U.S. agricultural products valued at \$2.8 billion. These export accomplishments include opening new markets for a variety of U.S. products, such as feeder cattle to Egypt (worth \$45 million) and genetically modified organism virus resistant papaya to Japan (worth \$5 million). We also retained key markets around the world for products such as milk and dairy products to Mexico (worth \$10 million), peas and pulses to India (worth \$100 million), and alfalfa hay to China (worth \$2 million), and collaborated with other USDA agencies to lift Russia's avian influenza ban on U.S. poultry (worth \$40 million). In addition, to expand the existing market access, we helped negotiate an updated health certificate for the export of breeding cattle to Turkey (worth \$145 million). APHIS attachés successfully obtained the release of more than 300 individual shipments of U.S. agricultural products worth more than \$60 million. Examples of these shipments include cattle to Turkey worth \$10 million, poultry products to Argentina worth \$1.9 million, and wheat to Taiwan worth \$314,000, among others.

Our Animal Welfare program carries out activities designed to ensure the humane care and treatment of animals covered under the Animal Welfare Act (AWA) through inspections,

enforcement, education, and collaboration with others. During 2011, APHIS re-evaluated its methodology for calculating the frequency of inspections at facilities with more egregious violations. This change in approach, along with strengthening our regulations with regard to commercial dog breeders and dealers and continuing outreach and training related to AWA compliance, will allow the program to make better use of its resources and ultimately increase overall compliance.

BUDGET REQUEST

During the last year, APHIS reviewed a number of programs and overall operations to identify ways to use our resources more efficiently. Our FY 2013 Budget reflects the results of these efficiencies, as well as additional, programmatic reductions. Our total FY 2013 Budget request is \$765.6 million, a net decrease of \$54.1 million or 6.6 percent from the FY 2012 appropriation. It includes \$1.7 million which was offset from existing programs to fund a 0.5 percent pay increase for APHIS employees.

As part of the Secretary's Blueprint for Stronger Service, we are pursuing Agency-wide administrative efficiencies that will save us \$5.3 million in FY 2013. These include consolidating information technology (IT) customer service support and switching telecommunications technology, as well as eliminating development funding for some lower priority IT investments.

We also identified process improvements and changes in methodology for specific programs and activities that allow us to reduce our budget request by \$16.5 million. After conducting Lean Six Sigma process reviews for a variety of programs, we are implementing business process

improvements that will result in a notable savings of nearly \$3 million, while at the same time enabling us to better and more quickly serve our stakeholders and customers. These process improvements are taking place in areas such as licensing of veterinary biologics, import and export reviews, regulatory investigations and enforcement, and reviews of petitions to determine the regulatory status of genetically engineered crops. We have also identified areas where a shift in methodology can save us money while we still achieve our goals. For example, APHIS has developed several statistical and epidemiological methods to increase the efficiency of surveillance for several animal diseases—without sacrificing industry and trading partners’ confidence in our surveillance system. These changes will allow us to save approximately \$9 million in our Cattle Health and Swine Health programs. Other changes, such as streamlining scrapie eradication activities and reducing activities overseas related to highly pathogenic avian influenza (which we are able to do, based on successful emergency preparation and surveillance efforts), allow us to propose an additional \$4.5 million in reductions.

We had to make difficult reduction and elimination choices that will impact multiple programs. The President’s budget reflects our proposal to reduce activities in areas where success is not likely—the pest or disease is simply too widespread--or where a smaller Federal role is appropriate. We have taken a decisive and strategic approach to recommend reductions in a way that will allow us to continue to focus on the highest priorities and areas that post the greatest risk to American agriculture, while maximizing our resources. In this regard, we are proposing to eliminate Federal contributions for the Johne’s disease and chronic wasting disease efforts. Both diseases are endemic (Johne’s in the nation’s cattle, especially dairy, and chronic wasting disease in wildlife), and they can best be managed by educated producers and at the local or regional

level. We will also continue to ask for greater contributions from our partners – for instance in several specialty crop and tree and wood pest programs and wildlife damage management -- than we have in the past. We are also proposing to reduce operational spending in programs such as Animal Welfare and Horse Protection. We will remain focused on the most egregious violators while continuing to seek ways to operate more efficiently in FY 2013.

We are grateful to the Committee for its support of the Agency's new budget structure, which moved from individual plant and animal pest and disease line items to commodity-specific line items and significantly reduced the number of line items in the APHIS budget. This new structure will help APHIS maximize resources by allowing us to respond to changes in the pest or disease complex that may affect or threaten a particular commodity or resource group.

While we are proposing an overall reduction, our FY 2013 budget request reflects several judicious increases. In our systematic review of APHIS' programs, we identified several targeted investments critical to our long-term safeguarding strategies. The ability to rapidly identify and contain an animal disease outbreak is crucial to our emergency preparedness efforts, with the potential for significant savings in eradication and control costs as well as ensuring continued trade. Therefore, the refocused animal disease traceability program remains one of our highest priorities. Accordingly, we are requesting an increase of \$5.623 million for the animal disease traceability program, which will provide approximately \$14 million for the effort in FY 2013. The new approach, while advancing traceability for disease response, will also help the U.S. animal and animal product exports to remain competitive in the global market place as trade requirements increasingly require such a system to allow access to markets. APHIS will

use the requested funding for cooperative agreements with State departments of agriculture and purchase ear tags, directly supporting our cooperators' ability to implement the program. The proposed funding level more accurately reflects how much the program needs to carry out essential activities and retain the advances made to date.

As a world leader in the arena of animal health, APHIS is involved in the "One Health" initiative, a multi-disciplinary, multi-level (local, State, national, and international) collaborative approach to promoting healthy animals, people, plants ecosystems, and socio-economic well-being. To support increased investigations and emergency preparedness at the human-animal-ecosystem interface, APHIS is requesting an increase of \$1.447 million for the Zoonotic Disease Management program.

In an effort to show leadership in the world community and help prevent illegal logging on an international scale, Congress amended the Lacey Act through the 2008 Farm Bill to make it illegal to import plants taken or traded in violation of domestic or international laws. We are requesting an increase of \$725,000 (for a total of \$1.5 million) to enhance our ability to implement these new provisions of the Lacey Act. This funding will support dedicated staff and the development of a web-based solution to collect required import declarations.

To support the Secretary's goal of ensuring that all of America's children have access to safe, nutritious, and balanced meals, we are requesting an increase of \$422,000 for Aquatic Animal Health activities, specifically for conducting targeted surveillance for infectious salmon anemia

in the Pacific Northwest, to help aquaculture producers and salmon hatcheries understand and address the risk posed by this disease.

Finally, to ensure that APHIS can promptly address small-scale pest and disease outbreaks and decrease the likelihood of pest spread, APHIS requests an increase of \$984,000 for its contingency fund. The existence of this fund allows APHIS to respond quickly when a pest or disease outbreak is detected. In the case of small outbreaks, the contingency fund may allow APHIS to eliminate the problem entirely, or to initiate efforts if a larger outbreak is detected while determining what funding options are available to continue the response.

APHIS' mission of safeguarding United States agriculture is becoming ever more critical. Healthy plants and livestock provide abundant and affordable food for all Americans, and increase our export market potential, thereby contributing to a healthy U.S. economy. On behalf of APHIS, I appreciate all of your support and look forward to a continued, productive working relationship. I would be glad to answer any questions you may have.