



# Transcription

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## APHIS Public Meeting for Stakeholders Washington, D.C. Feb.27, 2012

**DR. GREGORY PARHAM:** Good afternoon. I would like to thank each of you for taking the time to join us today.

This is the first time we have brought everyone together in a forum like this to update you on important issues affecting APHIS and to learn more about your individual concerns as well.

These are unique budget times. APHIS knows that our stakeholders are interested in learning what that means for our programs and for our services. And while we don't have all of the answers, it's important to share what we do know and to get your feedback as we move forward.

For those of you who haven't yet had an opportunity to meet me, I am Dr. Gregory Parham, Administrator for APHIS. I have had the great privilege of serving as Administrator since April of 2011. Prior to that, I had a longstanding relationship with APHIS and with USDA. Some of you may know, I am a second generation APHIS employee. My father, also a veterinarian, spent his entire civilian career in APHIS and its predecessor agencies. He instilled in me both an appreciation and respect for public service generally and an understanding of what it means to safeguard agriculture specifically.

I started out as an APHIS veterinary student trainee. I won't say the year. I became a USDA employee in 1982. By 2006, I had worked my way back to APHIS as the Chief Information Officer, then as Deputy Administrator for Marketing and Regulatory Programs Business Services, and most recently then as Associate Administrator.

One of the things that I did along the way, particularly the time that I spent at Johns Hopkins, was looking at the various ways to manage, and during that time—it was the mid 80's—the big thing then was contingency approach to management.

Essentially what that is is an approach that's based on the idea that there is no one best way to manage and that in order to be effective in planning, organizing, leading, controlling—all of those different things—you must tie them to the particular circumstances you find that the organization is facing. It's always about what is the right thing to do, should we have this kind of approach, that kind of approach.

One of the things we have found is that really when it comes down to it, there's no one universal answer to these questions and it varies and changes over time.

The right thing to do depends on a complex variety of critical environmental and internal contingencies. So it's part of that that we are going to discuss today.

During my years at APHIS, I have had the opportunity to see the Agency's work from different angles. So I know and value different perspectives.

I am also deeply committed to the principles of partnership, cooperation, and collaboration with stakeholders. I believe these tenants are fundamental to public service and that they have been the cornerstones of USDA since its inception.

This year celebrates the 40th anniversary of APHIS, which is pretty impressive, but also USDA is celebrating its 150th anniversary. When President Abraham Lincoln created USDA, it was referred to as the People's Department.

And while not diverse by today's standards, Lincoln's cabinet was distinguished by the fact that the members were not cronies. In fact, in her biography of Lincoln, historian Doris Kearns Goodwin refers to this group as a "Team of Rivals."

President Lincoln surrounded himself with people who could question his assumptions. He brought in political opponents such as Salmon Chase and William Seward, as well as advisors whose temperaments differed from his own.

There were many fierce debates but in the end it was said that everyone felt that they had been heard. I think it's safe to say that the Nation benefited greatly from this diversity of values, viewpoints, and styles.

It is with that in mind that we have invited all of you here today. It's wonderful when a variety of individuals and groups with unique perspectives can come together to hear about APHIS' priorities and budget situation and to have a chance to be heard.

So once again, thank you all for joining us today. Your input is invaluable.

I am pleased to have with me today a number of other APHIS officials including, of course, as he was introduced, our Associate Administrator Kevin Shea.

Since Kevin was appointed as Associate Administrator in 2004, APHIS has benefited greatly from his wealth of experience.

He is a strategic thinker who has always focused on the Agency's future. His leadership is one of our Agency's secret weapons, and he brings a unique portfolio of skills and talents to the table.

Kevin has made exceptional customer service a personal mission of his and he has spearheaded the streamlining of many APHIS functions through our business process improvements, or BPI. Shortly Kevin will talk in greater detail about the budget picture that we face and our BPI projects.

But before he does that, I would like to introduce the rest of the APHIS leadership team and to talk broadly about the Agency's current situation and priorities.

Here today we have sitting on the front row here Bethany Jones, who is our Deputy Administrator for Legislative and Public Affairs; Joanne Munno, who is the Deputy Administrator for Marketing and Regulatory Programs Business Services; Dawn Tucker, who's the Acting Chief Information Officer; Marilyn Holland, who currently leads our Project Management Office; Chris Zakarka, Deputy Administrator for Policy and Program Development; Chester Gipson, Deputy Administrator for Animal Care; Bill Clay, Deputy Administrator for Wildlife Services; Mike Gregoire, Deputy Administrator for Biotechnology and Regulatory Services; Kenneth Johnson, Director of Civil Rights Enforcement and Compliance; Beverly Simmons, who is our Acting Deputy Administrator for International Services; and Osama El' Lissy, Associate Deputy Administrator for Plant Protection and Quarantine.

Rebecca Bech, our Deputy Administrator for Plant Protection and Quarantine, is currently attending the North American Plant Protection Organization meeting in Mexico and is unable to be here today. But we certainly want to thank Osama for joining us. And then John Clifford, who is our Deputy Administrator for Veterinary Services, who is with us as well.

What then are some of the guiding principles that we can think about as we look at our situation both currently and in the future? I am honored first of all to work with a dedicated team like this and as I mentioned earlier, this marks the 40th anniversary of APHIS and a lot has changed in those 40 years and changes will continue to occur.

But one thing remains consistent: APHIS is dedicated to its mission. And it's the mission that serves as a guiding principle to me and to this leadership team as we tackle the budget challenges that we now face.

The APHIS mission is to protect the health and value of American agriculture and natural resources. That's a pretty straightforward mission. And our priority in carrying out that mission is the boots-on-the-ground work that keeps agriculture safe, from pastures in Montana to gardens in Maryland. Our mission is the core of what we do and the essential services we provide to our customers.

So when we talk about making strategic changes in response to reduced funding, we are not talking about limiting mission delivery or ceasing core mission functions. Rather, we are talking about peeling away some of those layers of bureaucracy that can frustrate stakeholders and slow

down service, while still preserving the mission.

That means refocusing on carrying out those services that only the Federal government—only APHIS—can do, like issuing permits or licenses, regulating genetically engineered organisms, or inspecting facilities for compliance with regulations.

Another key core service that APHIS intends to continue to focus on, especially in these lean economic times, is the facilitation of trade.

Forty years ago, when APHIS was just starting out, providing exceptional customer service may have meant simply testing cattle for diseases or placing quarantines on the movement of certain types of plants.

While that still is an important service, facilitating trade and helping customers meet the demand for their products is an increasingly critical part of what we do.

We know that our stakeholders need us to promptly process export certificates and import permits. You need us to be ready to move at the speed of your business, and I can assure you that doing so remains a high priority for us.

As you all know, America is recovering from the worst recession since the Great Depression. Households across the country continue to struggle and are working hard to stay within their budget.

The same is true for Federal agencies such as ours.

For the past several years, APHIS' budget has been shrinking. To put it into perspective, since 2010 our budget has decreased by approximately \$87 million, or roughly 10 percent.

To address these serious budget challenges, APHIS has identified a strategic and comprehensive approach to reduce spending and save money, looking at obvious discretionary cuts like travel, phone costs, supplies, and printing; process streamlining that enable us to save money while still protecting agriculture and meeting customer needs; workforce reductions; and office closures.

I want to talk in a bit more detail about a few of these cost-saving endeavors, specifically our efforts to improve our processes, find efficiencies, and maximize the use of our resources.

I am referring to the BPI efforts I mentioned previously.

Early in fiscal year 2011, APHIS began using a variety of formal models to review internal and external processes to determine where improvements could be made and efficiencies gained.

We targeted several key areas for improvement: the licensing of veterinary biologics, the granting of nonregulated status to genetically engineered (GE) organisms, risk assessment and

rulemaking for imports, and the Agency's process for enforcing its regulations.

I am pleased that we expect to shorten the average time taken up by these business processes by between 20 and 76 percent, a change that will save money and directly benefit our customers. For instance, by streamlining the GE organism petition process, APHIS anticipates reducing timelines by 13–15 months.

While no agency wants to see workforce reductions, we had to face the reality that our budget can no longer support the number of employees that we had. As a result, we made the difficult choice to implement hiring controls and offered early separation and early retirement programs to nontechnical or support service employees.

We are also seeking additional authority to offer such programs to employees in all other job series except those in veterinary medicine and animal health technicians.

Together all of these cost savings efforts have produced some savings—but not nearly enough. As you all know, we made the decision to close a number of our offices both in the United States and abroad.

The closing and consolidation of these offices is a key component of Secretary Vilsack's Blueprint for Stronger Service. The Blueprint is a plan to help agriculture continue to drive America's economy by streamlining and cutting costs. It is USDA's effort to ensure that, in this era of reduced budgets, the folks who depend on us continue to receive our services and our support.

By the end of this year, APHIS plans to close 15 offices domestically in 11 States and 5 international offices in 5 different countries. I assure you that we carefully considered these closures—and the alternatives—and we made decisions that will minimize the impact on program delivery.

Some of the offices closed were no longer necessary. For example, several offices are closing as a result of the successful eradication of Karnal bunt in Texas. Although some Veterinary Services field offices will be closing, we will continue to have staff doing on-the-ground work but they will report to supervisors in a consolidated office in an adjacent State.

We recognize the need to ensure that our stakeholders continue to receive our services, and we're balancing that with the need to reduce spending.

When we look at the President's 2013 budget, we see the budget cuts are likely to continue into the foreseeable future. On February 13, the President submitted his 2013 budget request to Congress. The budget calls for a decrease in APHIS' funding by an additional \$54 million, or 6.6 percent.

Despite the budget decrease, our core mission and responsibilities remain the same, and that

is a huge challenge. APHIS takes great pride in our ability to achieve results while still seeking new ways to use our expertise to assist our customers and stakeholders.

Over the years, we have readily taken on new roles and responsibilities and expanded our traditional activities because we wanted to do more, and we felt we could help.

It is unfortunate, but in today's fiscal climate, we can no longer afford to carry out programs simply because we can.

When we look at modernization one of the things that some of you know is that last year we evaluated a range of different options for modernizing the Agency. The evaluation document outlined a series of options to envision a leaner, more efficient APHIS. It was intended to facilitate an internal discussion about possible strategic reactions to the budget.

And I know the evaluation created some concern among our stakeholders, so I'd like to clarify the situation. And that clarity is here:

APHIS does not have a plan in place for a reorganized infrastructure. Let me repeat. APHIS does not have a plan in place for a reorganized infrastructure.

Rather, the evaluation was part of an ongoing discussion and today we are asking you to join in that conversation.

What is evident and cannot be ignored is that we cannot afford to continue operating as we have in the recent past.

We want to hear from all of you. But we also feel it's essential to have an opportunity to gather out stakeholders together where everyone can be heard in the same venue, and where you can also hear each other's input and concerns.

Let's face it: each group has its own interests that they're eager to promote and protect. That's certainly understandable. But when it comes to budget cuts, difficult choices must and will be made. And there is just no way to make the reductions painless.

The truth is, none of APHIS' programs will be insulated from the impact of budget cuts. We are all truly in the same boat so it's important that we be transparent and openly discuss the best way to navigate the waters.

Now, to speak to you in greater detail about the budget and how BPI is helping APHIS achieve its budget goals, please join me in welcoming APHIS' Associate Administrator Kevin Shea.

[Applause]

**KEVIN SHEA:** Thank you very much, Greg. I certainly can't compare to Dr. Parham's amazing background and education. But in these times, perhaps I do have the best of education—I was the APHIS Budget Director at one time and certainly those are issues driving us today in ways they never have before.

Before I get started, I hope you will indulge me if I can recognize a very special guest here. Everyone's special, but there is someone I'd really like to recognize: our very courageous and wonderful former Under Secretary Bill Hawks. Bill, it's so great to have you with us today.

[Applause]

I'd like to talk a little bit about the budget and I want to talk about it in two phases—you might call them the glory days and the current days. Let me talk first about 2001 to 2010. During that time, our appropriation doubled—doubled from about \$445 million to over \$900 million. In addition to that, we received, between ourselves and ARS, nearly a half a billion dollars to build the laboratory facilities at Ames. So there's lots of money flowing in that decade—and if I can pick up on Dr. Parham's water and boats theme, a rising tide does lift all boats, and it lifted all boats during that period.

So let me offer a couple of things you probably didn't realize. These programs I'm going to mention first either doubled or almost doubled over that time. The Fruit Fly Program, the Cattle Tick Program, Wildlife Services, our overseas programs, and animal welfare—all of those doubled or nearly doubled from 2001 to 2010. Some doubled during that time, then retreated a little bit; for example, our Animal Health Surveillance funding went from \$68 million all the way up to a peak of \$145 million during the days of BSE surveillance and the early efforts at traceability, then did retreat somewhat to about \$122 million at the end of that decade.

Some programs more than doubled. The Pest Detection Program on the plant side more than doubled. The Scrapie Program, the Tuberculosis Program, and our Emergency Services Programs, all more than doubled during that time.

Some programs didn't exist at all or existed at very minor levels at the beginning of that period and grew dramatically. For example, the Emerging Plant Pest line item went from a meager \$3 million in 2001 to \$159 million in 2010. There was no official Avian Influenza Program in 2001; that program eventually reached over \$60 million. There was no CWD Program (Chronic Wasting Disease); that program went from zero to \$17 million. And the Johnes Program also did not exist, but eventually made it to \$20 million, although it did retreat to \$7 million at the end of the decade.

A couple of programs did decrease over that time but for the best of reasons. The Boll Weevil Program decreased because we have had such great success and the area being treated was so much smaller. And a similar thing occurred for Screwworm.

But on the whole, the rising tide was lifting all boats during that time. And why did that happen? Anyone can give their ideas, their guess on why that happened; I'll offer a few and you could probably think of some as well. Certainly the Homeland Security angle was big. There was an appreciation of the importance of agriculture and how it could be a victim of terrorism. And so that had a big role in helping us have more funding during that time.

A couple other things: there were some dramatically increasing finds of pests, particularly tree pests. Prior to this time, we didn't have a whole lot of work in emerging tree pests. We had the traditional, very small Gypsy Moth Program, things like that, but during this time, we started seeing Asian long-horned beetles, emerald ash borers, and really dramatically increasing problems. And then of course, if anyone here's involved with the citrus industry, you know during that time, we started facing a whole new rash of citrus disease problems. Those are some of the reasons why this happened.

And I think there's one other [reason] that we point out on the animal side: Programs that seem to have a human health link also dramatically increased our appropriation— not necessarily because of the threat to animal agriculture or even the threat to humans, but because of the market disruption they were causing.

So all these things went into play during that time to increase our appropriation. Again, it more than doubled and then on top of that, we received a similar amount of money to build the Ames facilities.

Here's another little interesting tidbit. From 1998 to 2000—I'm sorry, 1999 to 2008—the average annual amount of emergency transfers from the Commodity Credit Corporation to APHIS for emergency programs was \$202 million. So not only was there a doubling of the appropriation, there was this huge influx of emergency funding.

But here's another interesting thing: from 1989 to 1998, those transfers averaged only \$29 million. And of course, the appropriation was pretty flat during that time. The amount of emergency transfers in the last two years coincidentally has been again \$29 million. So you can draw what conclusion you will there, but when lots of emergencies seem to be going on, the appropriation goes up; when lots of emergencies don't happen, the appropriation doesn't seem to move too much.

So those were the good days, at least appropriation-wise. Let's talk a little bit about what's happened in 2011 and '12, and the proposal for 2013.

As Greg mentioned, the appropriation—or the budget request for an appropriation for 2013—calls for a \$54 million reduction from the amount we have in fiscal year 2012. If that were to be enacted as proposed, when combined with the effects of the 2011 and 2012 reductions, our appropriation would have been reduced by \$140 million, or about 16 percent.



The trend is the same—down—for all these years, but each has its own peculiarities, so I want to talk about that a little bit. For 2011, some of you may recall, this is when the appropriation happened in April, and it was made particularly difficult to manage because we'd been operating during the entire year on a continuing resolution that assumed we would spend the same amount as the previous year. But by the time the appropriation actually passed in April, it was a reduction of about \$42 million, which we had to absorb in April, which means it was almost like a double impact.

But it wasn't that devastating because it was pretty limited. It focused on two things. One, on the so-called earmarks, and many of these were the classic earmarks of money simply appropriated by Congress and passed through to any given institution— but not all were. A good deal of the earmarks accounted for Wildlife Services operational work. And just by the way they had been worded over the years, they had the appearance of earmarks and so they were removed. And also, there was some work we did in Hawaii for our Agricultural Quarantine Inspection Program to keep pests and diseases from the 50th state from moving to the mainland. So there was a mixed bag of these earmark reductions, and they totaled about \$24 million.

The other large reduction was in the Avian Influenza Program, but it really had no actual effect because we had accumulated balances in that program over the years of appropriations so that we could absorb a \$20 million reduction in 2011 in that account.

So for 2011, the \$42 million reduction occurred fairly narrowly. And then, in a way, we could pretty much handle it.

2012 was a little different story. This time, there was a \$47 million reduction, and there's no glossing over it this time, no attributing it to earmark reductions or carryover balances.

And what was really new, for the first time at least in my memory, the Congress actually appropriated significantly less than the President's budget requested for APHIS. Almost always, it had been the opposite case. And at least the final reduction below the President's budget is only \$14 million. The House of Representatives had passed a bill that would have reduced our appropriation by \$43 million below the President's budget for 2012.

And in 2012, our basic programs suffered losses: \$30 million through the Animal Health Programs and \$19 million for the Plant Health Programs.

Now, those were partially offset by a few increases for some programs. There was an increase for Biotechnology work, an increase for Animal Welfare, and a very slight increase for Wildlife Services. But you started to see the difference between '11 and '12. In '11, the reductions were very specific, had some kind of rationale in terms of being earmarks or of carryover available funds, that kind of rationale. In 2012, it started moving to the base and core of the programs themselves.

Now, the 2013 budget proposes another \$54 million in cuts. If I can beat the boat metaphor into the ground—or "into the water" I guess would be more appropriate—now, all the boats are taking on water. Just as the rising tide lifted all the boats in the last decade, now, all the programs are taking on water.

The relative reduction between the plant and animal programs did reverse this time in the President's budget. The Plant Health Programs are proposed for \$29 million worth of cuts, and the Animal Health Programs, \$12 million worth of cuts. So that's kind of the reverse of what happened in 2012.

But now all the other programs are also in the line. A \$6 million reduction in Wildlife Services, \$3 million in animal welfare, \$4 million in our overseas efforts, and even \$1.5 million to the biotech work.

So, it's across the board, all these reductions, and the only significant increase of any kind proposed in the budget is associated with the traceability program, to buy eartags and to essentially help the states implement the new program. But even with that increase, which is about \$5 or \$6 million, it still leaves that program substantially below where it had been just five or six years ago.

So I think the trend is pretty clear. We have taken significant budget cuts and we will continue to.

Now to some degree, we're just part of the overall emphasis on deficit reduction. So we don't take it personally when you realize that lots of programs throughout the federal government are being reduced in the interest of deficit reduction. And to some degree, we're just making some tough choices to end or reduce programs that are either moving towards successful conclusion or, regrettably, we have realized that we can't probably get to the goal we looked for at the beginning of those programs. So we know that this trend is here, it looks it's going to continue, and we know that we can't go on as we are.

Now if you look at our budget, you will see that it is mission-focused— it says brucellosis, animal health, animal welfare, wildlife services. It doesn't talk about an organizational structure. It doesn't talk about bureaucratic layers or any of those things. And that is how we are trying to approach our budget situation, by focusing on the mission and focusing on the things that we have to deliver to you.

We are trying to find savings wherever we can. We have squeezed the traditional administrative and support positions in things like Human Resources, Procurement, Finance, Legislative and Public Affairs. At the national level, we have squeezed those and really have been for years. Now we are looking for ways to reduce administrative and managerial cost throughout the agency.

And as Dr. Parham said, this isn't about a grand restructuring, but if we are going to maximize program delivery—issuing permits, doing inspections, all the things we need to do for you—and do it with these greatly reduced appropriations, we have to find savings in places that don't directly help do the permit, do the inspections. And that's what we are trying to do.

I would ask your ideas on how we go about doing that and your help in making that happen. I know there's a lot of resistance to changing the way we've done things. Greg quoted a president, I'll quote one too, the 35th president, when he said, "We would all like to live as we once did but history won't permit it."

That's what I have to say about the budget. I think we're going to take some questions later after Greg concludes. But let me talk a little bit about business process improvement.

And as I do that, I want to acknowledge our immediate past Administrator, Cindy Smith, who's with us today. It was Cindy's idea to really start down this path even before it became fashionable. So Cindy, thank you for giving us the opportunity to do that.

It's a real simple theory, what we're trying to do here. We're trying to find a way to make things cheaper and faster and more reliable for you. And that means digging into every process we have, looking at all the steps in that process, seeing which ones we can eliminate, which things we can do faster.

Do things like have fewer reviews, internal reviews of things. The more hands a permit passes through—or any process passes through—the longer it takes. It was kind of an insight for us: if seven or eight different people have to touch something in a process and approve it, that's seven opportunities to slow it down, for one thing. But what we also discovered was that the person at the beginning of the process, and maybe the person at the end of the process, has a great investment in bringing it to a conclusion well. But some of the people in the middle of the process maybe aren't so invested in it, but somewhere along the line, they receive direction or authority to sign off on something, and maybe that's where it sits. And that's the kind of thing we're looking at, so it doesn't sit there, that it keeps moving, that we remove steps from the process.

We looked at several things in a very formal way; we used Lean Six Sigma. I'm not a particular fan of jargon, but Lean Six Sigma does provide a coherent and coordinated way of looking to things and so we used it, and I think it worked very well by making us question everything we do.

But not only are we trying to improve business process in sort of a grand scale of business process improvement as Lean Six Sigma strategies, but also on a case-by-case basis.

You know, one of my responsibilities in assisting Greg in our office is to review congressional correspondence. And a lot of that correspondence deals with people who are kind

of unhappy about service they get from us: a shipment was held up, permit was held up, whatever. And I want to assure all of you that I look at each one of those things very carefully and don't accept the first answer in many cases.

Usually the first answer is, "Well, we're doing our best, we'll try harder," but without any kind of real commitment on what that means. But when we get those now, we look at them far more carefully than ever before. And if someone says they can't get an inspection done at their facility when they need a phytosanitary certificate to export something particularly, and our response is at first, "We'll try harder if you give us more notice"— I'm not going to accept that, Dr. Parham is not going to accept that, and we're going to press back to say, "Let's at least give them a time, to say we can do this in three days or two days, whatever is appropriate."

That's part of business process improvement, too. It's not just an overall analysis thing. It's a case-by-case basis, everyday thing that we're going to look at.

So I thank you very, very much for the time, and I'll turn it back to Dr. Parham.

**DR. GREGORY PARHAM:** Thank you, Kevin. As Kevin said, APHIS has made some significant strides in finding efficiencies. However, if we sustain another 6.6 percent reduction in 2013, further changes will be necessary. So it is imperative that we continue to change the way we do business and we cannot do that alone. We need the input of those we serve.

It's been said that "the single biggest problem in communication is the illusion that it has taken place." With such a large network of stakeholders, it's all too easy for us to fall into this trap and believe that we have communicated and listened effectively.

That is why the APHIS Administrator's office is taking a more proactive approach to communicating with our stakeholders, including the American public.

An important aspect of our strategy to enhance communication is an emphasis on increasing the frequency of stakeholder meetings and better utilizing existing meetings to share information. That might mean periodic meetings of all APHIS stakeholders such as the one we are holding today, but there will also be times when smaller meetings focusing on a specific topics will be more appropriate.

For example, this July APHIS and the Department of Homeland Security (DHS) will co-host a stakeholder conference focused on the agricultural quarantine inspection program at U.S. ports-of-entry.

This conference will bring together groups representing the animal product, plant product, and shipping industries as well Federal and State regulatory officials to discuss pest exclusion

efforts and trade facilitation. Most importantly, the conference will give APHIS and DHS an opportunity to get input from its stakeholders on how we can better serve their needs.

For obvious reasons, it's not feasible to hold a meeting each time the Administrator's office wants to communicate with stakeholders. In the last year, we have standardized stakeholder outreach as part of our broader communication efforts. In addition, to keep you informed on a day-to-day basis, we've created a stakeholder information page on the APHIS website.

From that page you can also access a survey that APHIS recently launched. The survey will help us gather more in-depth feedback about what stakeholders see as important.

Making decisions—especially the type of decisions we now face—is not easy. And these decisions are not ones that APHIS can or should make alone. To ensure that our decisionmaking is fully informed by a diversity of opinions, we are asking stakeholders some key questions:

First, what are the most essential services APHIS provides? Second, how can we best provide these services? Third, what changes can we make to enhance customer service? And fourth, how might we strengthen current partnerships or collaborate in new ways to accomplish critical mission activities?

We decided that the survey should coincide with this meeting to ensure that the information presented today could inform your responses. In fact, as you came in you saw that we have two computers set up in the lobby. So if you'd like to respond after the meeting, please do so. You can also respond through the APHIS Web site or through the Federal Register.

The survey and other activities I have mentioned today are just some of the ways the Administrator's office is working to keep the lines of communication open. And that communication is the first step that allows us all to work together to ensure that APHIS' mission is fulfilled.

As Henry Ford once said, "If everyone is moving forward together, then success will take care of itself."

I want to be clear that although those of us who work in the Administrator's office want to find new ways to engage stakeholders directly, we do not want to replace existing relationships you have with other APHIS personnel. Because we do value those partnerships and know that you do too.

For example, I know that many of you have longstanding relationships with the various APHIS Deputy Administrators that were introduced earlier. As you know, the Deputies are highly capable individuals who are very knowledgeable about their individual program areas.

One goal is to enhance those existing relationships and to build new ones. I think it's safe to say the Administrator's office can offer a unique perspective: a high-level view across the entire Agency. As you can imagine, there are times when such a vantage point is useful.

Until now, stakeholders have primarily gotten the benefit of that perspective by first engaging a Deputy's office and then—if necessary—the Deputy contacts the Administrator's office.

But I want APHIS stakeholders to know that my door and Kevin's door is open. The APHIS Administrator's office welcomes the opportunity to engage with stakeholders directly on those specific issues they feel will benefit from our perspective.

Another excellent resource, as Mr. Shea already mentioned, is our Chief Advisor on Government, Academic, and Industry Partnerships, Cindy Smith. Cindy has been instrumental in organizing this meeting and is committed to developing APHIS' stakeholder relationships.

Whether issues are raised to my office through the Deputies, directly from our external partners, or through Cindy, APHIS wants to hear from you.

In closing, a key component in good communication isn't talking, it's listening.

So, I think I've talked long enough for now and I'd like to turn the conversation over to you—to hear how you as APHIS' stakeholders would like us to communicate with you, particularly in these times of change. What type of interaction do you need from APHIS and what can we do better to facilitate the flow of information?

And of course, feel free to ask questions of us or offer your insight into specific survey questions. And please keep in mind that we have a number of stakeholders here today and we'd like to hear from as many as possible.

You will see that there's a microphone set up in the middle of the auditorium for your use. When you step up to the microphone, it's important that you identify yourself by name and affiliation before speaking. It's good for us to know who we're talking to and will benefit our Web cast and our written transcript.

The floor is yours and I look forward to hearing your feedback—today, and in the future. Thank you very much.

## **QUESTIONS AND ANSWERS**

**DR. GREGORY PARHAM:** I will respond to all the easy questions; Mr. Shea will take all the difficult ones [Laughter].

**CATHY LISS, Animal Welfare Institute:** Good afternoon, my name is Cathy Liss with Animal Welfare Institute. And certainly I sympathize with the problem you have facing serious budget issues, but I get nervous when I think about cuts in enforcement with the Animal Welfare Act and Horse Protection Act, particularly given the benefit of a very long history involved with both programs. And sadly what we've seen over time is past history, when attention and funds were dropped from strong enforcement in those areas—and the effect that that ultimately had and resulting cruelty to animals and demoralizing of the inspectors who are charged with enforcement of law and the failure to have fines and prosecution serve as a deterrent. So it does make me nervous to look at the number of cases that may go down. Will some number of those possibly be resolved with some sort of fine rather than merely a letter of warning, which again historically is seen as a slap on the wrist?

**DR. GREGORY PARHAM:** Okay, I think there are several questions that you're asking in that, and I'll attempt to at least respond to a portion of it. Yes, we had recently seen some increases in the areas that you're concerned about. There was a transfer of some dollars of—by the order of the Secretary, by the authority of the Secretary—to enhance some of our [animal] welfare funding. But in the most recent budget you will see a decrease. However, if you look at the relative percent of that decrease, you'll see that it is smaller. And again, I think the challenges that Mr. Shea talked about in terms of, you know, in the early part of the process, the cuts were very specific to earmarks and those kinds of things.

But as we see year after year of continuing cuts, it's going to affect all program areas, and that's essentially what you're seeing now. When you look at what we're doing also in terms of some of the business process improvement, in terms of looking at our enforcement strategies and investigation results, we know that we have a backlog that is not sustainable. So we're working to work out of that backlog so we can focus on those violators that do the most egregious things. So I think that gradually you're going to see a shift to us moving to be able to respond to those who are problematic...those who continue to violate our regulations...and you'll see fines commensurate with the experience that we see there. So I think you will see some continued focus on enforcement types of activities. But I think also what you will see is that we have to do what we can do with the monies that we have. And that's the challenge going forward.

**CATHY LISS, Animal Welfare Institute:** Right, and so two final quick points. One is that I think that has been a process that has already been ongoing, so there are those that would argue there are a lot of animal welfare and Horse Protection Act cases that just simply aren't pursued. So there is documentation there and nothing's happened. So now we're looking at more cases potentially being pulled away and no action. And secondly, as someone who has worked aggressively to ensure enforcement funds for Animal Welfare Act and Horse Protection Act, it

does help to be able to go to Congress and show how much money has come in. Yes, it does go to the general Treasury but certainly there's a benefit there. Thank you very much.

**DR. GREGORY PARHAM:** Thank you.

[Pause]

**MIKE GILSDORF, National Association of Federal Veterinarians:** Hi, Mike Gilsdorf with the National Association of Federal Veterinarians. Kevin made a comment, I'd like to ask if there's any more information you could say about it. He said we can't meet objectives...some of the programs that you've had longstanding...we can no longer meet those goals and objectives. Can you expand on that?

**KEVIN SHEA:** Sure, I'll give you a few examples. Well, on the plant side, the emerald ash borer program. It's a terrible bug, killing a lot of trees in the Midwest. But we don't really have the technology to deal with it—all we can do right now is try to slow the spread. In the middle of this wonderful period of appropriation expansion, a lot of money was thrown at that program. The appropriation was in the...\$30 million dollar plus range, but we simply can't make progress, even while spending \$30 million dollars on that program.

I'm sorry that's the case, and we're not saying that isn't a bug we shouldn't take care of, but we don't have the tools to do it. On the animal side, [the] chronic wasting disease program, 10 years ago before BSE hit, chronic wasting disease was the TSE [transmissible spongiform encephalopathy] of the day, and there was great concern. And of course, as you know—Mike and anyone who is on the animal side here in the room knows—CWD has its base in wildlife and there's only so much we can do there. And so continuing to spend \$17 million dollars in chronic wasting disease is something that doesn't seem to make sense to us anymore, and most of our State partners agreed on that one. So those are a couple of examples of what I'm talking about. Some other programs that Dr. Clifford's leadership is involved in, of course, are [the] longstanding brucellosis and tuberculosis programs. We're not really proposing significant cuts in either of those, but we are talking about restructuring them and to refocus them. And maybe this isn't the forum to talk about that...there are lots of forums where Dr. Clifford has talked about the reforms in the brucellosis and TB programs. But those are changes more in focus, more than changes in terms of large budget reductions. But again I will say, CWD is a good example on the animal side—and on the plant side, emerald ash borer is a good example of what I was talking about.

[Pause]

**BOB ACORD, National Pork Producers Council:** Bob Acord with the National Pork Producers Council and first of all, Greg and Kevin, I want to say thank you for having the foresight to put together a meeting like this. I think it's critically important to get this kind of feedback. I probably am the only person here who's had the unique position of sitting in your



chair and now working for private industry. And when I was in APHIS as the Administrator, I thought I knew what private industry needed, what they wanted...and when I was on the outside working for private industry, I had a bit of a different perspective.

And I think what's important to the industry [is] for APHIS to do those things that no one else can do...what the States can't do [and] that other Federal agencies can't do. Those things for the livestock industry include surveillance, animal traceability, and probably one of the things I think or one of the programs that I believe is probably the most underappreciated are the International Services programs. You do all the things that you do to get a shipment to a foreign country and then you find out that we haven't crossed an i or haven't dotted an i or crossed a t, or we did the reverse, and the end of the result is that we have a problem. It's the International Services people—the veterinarians and the other folks in those countries—that can solve those problems for the industry and save millions and millions of dollars. And it's not only...it's market access and it's maintaining market access.

So I hope as you move forward here that you will take seriously what you hear from the industry because I think we certainly will speak from an economic perspective about what affects us. We will certainly provide more detailed comments about what we think...what we would suggest to you. But at the same time, I again want to thank you for having the foresight to do this. Certainly, Kevin is one of the best budget analysts that I know, he could always squeeze more money out of every budget proposal that was ever brought to me than I ever thought possible, so you're fortunate to have someone that can do that. But again I think it's important that this be both a listening session and a hearing session, and that I hope you will act on what you hear. Thank you, Greg, for doing this.

**DR. GREGORY PARHAM:** And thank you. One of the things...just if I may comment, when we look at agriculture exports, particularly in the last year at record levels, and we had some discussions earlier today about some of the things in terms of facilitation of trade—we know that that's going to be a continuing focus area for us. And so we appreciate your support for the work that is done internationally by the folks who do that. And, you know, we know that it's part of our core mission, as was part of my prepared comments talking about the increasing focus on safe trade that is science based. You know, using our sanitary/phytosanitary standards—we are part of the standard making bodies if you will and part of...what I was mentioning about Rebecca Bech being in Mexico this week, you know. So there is a continuing focus on those kinds of areas. And we have heard you and we'll continue to hear you, so please continue to let us know your interest and the kinds of things that are on your mind. Are there others? Yes sir.

**DAVID PLUNKETT, Center for Science in the Public Interest:** Yes, I'm David Plunkett—I'm with the Center for Science in the Public Interest, and over the years we've had a strong interest in the Animal ID Program that APHIS runs and are particularly pleased to see that that's one area where funding was increased this year with additional \$6 million to begin the new

program. We would like to encourage APHIS to move forward with that, and I was hoping that you might give me some insight about ...when we will see the program implemented and what your future funding needs are going to be. I'm assuming \$6 million in a 1-time lump sum is not going to cover future costs.

**DR. GREGORY PARHAM:** Thank you, as we talked about before, you know, we do know that there are sort of a baseline of funding that's required—around \$14 million a year, and we will try to get at least that each year. You know, at the same time we've also seen that this is something that APHIS is not the only one who's interested in—the Office of the Secretary has expressed a keen interest as well. And I think we will continue to see that move on a track that will get that out this year, so stay tuned. Okay, yes.

**JOHN THOMAS, Association of Veterinary Biologics Companies:** Good afternoon. I'm John Thomas—I'm executive director and council for the Association of Veterinary Biologics Companies. And I also want to thank you for holding this meeting. I think that the more dialogue we can have, the better off we are. The association is a national trade association that's composed of the manufacturers of veterinary biological products which are licensed by the Center for Veterinary Biologics and also companies in the allied industry.

A strong and effective program in CVB is essential for the availability of vaccines and other biological products for both animal agriculture and the health of companion animals. This is a critical APHIS program, and CVB needs the attention of the leadership of USDA and the Administration to enhance its human resources. CVB's own figures demonstrate an alarming trend in the length of time it takes to review and respond to licensee submissions of all kinds. In part, this is a result of a shortage of experienced and knowledgeable reviewers to handle submissions in a timely manner. In part, it's due to a shortage of technical resources such as a lack of modern electronic communications capabilities. Also, it is in part the result of misguided focus on statistical thoroughness and certainty in various stages of the examination of the new product or component.

CVB administers a regulatory system that is superior in most regards to the programs of FDA and foreign animal health product regulatory programs. CVB needs to have the resources to keep its system up-to-date in terms of science and technology in order to assure that the superior quality is maintained. Likewise, maintaining this reputation is essential for trade in U.S. biological products and for the acceptance of U.S. produced food products. If these elements are not all in place, foreigners will not buy U.S.-made products, and manufacturers will move their facilities overseas. APHIS has taken important steps over the past 2 years to improve the CVB processes. We look forward to continuing to work with APHIS leadership to address these problems that remain. Thank you.

**DR. GREGORY PARHAM:** Thank you John, and it sounds like you're writing the justification for our user fee statement, you know. So... [Laughter]

**JOHN THOMAS, Association of Veterinary Biologics Companies:** May I comment on that? [Laughter]

**DR. GREGORY PARHAM:** Okay. No, we do recognize the challenge, and I do appreciate you recognizing that we have worked to try to improve that area, and we will continue to do so. It is one of the areas that is covered under our BPI [business process improvement] process, and we are expecting to see improvements in the range of that, but again this is another area where we do remain challenged. And so we're more than willing to listen freely but also to work with you as we move forward on an appropriate kind of way to support that activity.

**JOHN THOMAS, Association of Veterinary Biologics Companies:** Yes, Cindy Smith indicated that definitely you're thinking about additional stakeholder meetings that would be more narrowly focused on this kind of area. And we'd very much like to have the opportunity to tell you more why we don't think user fees will work.

**DR. GREGORY PARHAM:** Okay, and again, I'm just putting that out there so that folks do know that that is proposed as part of the 2013 budget. That's not the only user fee, but there are user fees proposed and so that is part of the thinking that's going on not just across government, but when Congress looks of ways of raising funds and they say, you know, those who are the recipients of the service ought to be the ones that pay for it. So it's not just in this particular area but also in the...[in] some of the other regulatory areas...they have been requested to the biotech area [and] in the animal welfare area, as well as in the biologics areas. So just to know that that is on the table as well, yes. Thank you. Yes sir?

**TONY CORBO, Food and Water Watch:** Tony Corbo from the nonprofit consumer group Food and Water Watch. Thank you very much for holding this meeting today. I appreciate the discussion on facilitating trade as a core mission, but I haven't heard too much about the import side. Last week, I attended the USDA Agricultural Outlook forum and it was a breakout session to discuss APHIS's role and free trade agreements and negotiation of those free trade agreements and the SPS [sanitary/phytosanitary] requirements. And what I started to hear was that the budget pressures are really straining the resources of APHIS to really be a full partner in those negotiations. To make sure that we're not importing plant pests and animal diseases that could, in the long run, cost more than having a preventative program to prevent those things from coming into the country. What is the agency doing to address both your budget considerations and the ongoing work that you're doing on preventing these foreign pests from coming into the country?

**DR. GREGORY PARHAM:** Well, I think one of things...and Kevin talked about some of this as well. You know, there are things that are core to our mission...there are things that were here at the very beginning, and some of what you're talking about were part of that. When I talked about the fact that early on it was cattle diseases and preventing plant pests from coming in, those remain a key part of what we do. The discussion about what to do with the stakeholder

meeting that's coming up with DHS this summer in terms of looking at the whole agricultural quarantine inspection process and what we're doing there...those activities continue. And there are certain areas ...for example, when we talk about some of the early outs and buy outs and one of the things that as we move forward OPM [Office of Personnel Management] has asked us that whenever we do offer one of those that any positions that we continue to fill have to be restructured. So that gives us an opportunity to really look very critically at the human resources that we have in place and also at what we would need going forward. The Plant Protection [and Quarantine] team as a whole is the largest within APHIS. So there continues to be a focus on preventing the establishment of new pests. I mean this is still very much a critical core component, so while we may not have talked about it specifically, please understand that it remains very much a part of what we do on a day-to-day basis. Okay. Sure. Kevin?

**KEVIN SHEA:** I would just add that the basic Agricultural Quarantine Inspection program that tries to keep pests and diseases out of the country which we run in conjunction with our partners at Customs and Border Protection is substantially funded by user fees. So at least to now, it is not subject to the same kind of monetary pressures as the programs funded solely by appropriations. And that doesn't mean that those programs are home free, because the user fees are an issue in and of themselves but whereas the APHIS appropriation has gone down 10 percent, the funding for that effort has stayed the same or even gone up a tiny bit the last couple of years.

[Pause]

**KEVIN MAHER, GlobalVetLink:** Good afternoon, my name is Kevin Maher. I'm the... founder of a Web-based company in Ames, Iowa...a private company. We provide Web-based services for all 50 States for animal disease traceability, for animal health certification. So I'm pleased to be here and just offer a perspective and a couple of comments. Eleven years ago as a background, we started GlobalVetLink with one State and as a private entity to help serve a need out there for animal certification. We've established a system that soon went...grew to all 50-State participation—we have license agreements with all 50 States. We're pushing close to 200 million animals that have been certified through our system. It's growing weekly, accelerating very nicely, and our technology and reinvestment is paying off and we're trying to...we do partner with States, and I just wanted to underline the fact that our E-signature technology meets FDA requirements as well as [what] was...was approved by USDA, which we dearly appreciate. We have over 115 diagnostic laboratories connected with our system, so the certification process for animal health—connected with laboratories, with private veterinarians, with State animal officials—we think is providing a critical infrastructure for traceability.

So my comments in support of animal disease traceability and required identification needs is that we at GlobalVetLink would like to commend the Administration for your leadership in implementing animal disease traceability which we feel is essential to continue and grow...protein markets of livestock, markets in the U.S., and abroad. We recommend that

APHIS continue to leverage the private sector such as GlobalVetLink to take advantage of the infrastructure and the domain expertise, technological innovation, and the rapidly growing animal health data from our proven business model that's out there. Working with stakeholders does support animal disease traceability and the capabilities of allowing any required animal identification whatever the requirements are of the States or national programs to be utilized. Encouraging this type of cooperation would help leverage private sector which continues to grow and add value, minimizes the need for APHIS to develop resources toward developing similar systems or redundant systems.

Since our beginnings, we have embraced innovation; our passion [is] to add value to the relationships with our government entities. And we also wanted to just make note that the current...[what] was brought up here earlier about the international movements interstate and international movement for trade...we continue to hear almost weekly from our clients and industry about solutions that they [would] like for us to help solve, along with State and Federal government. So while our business model must be...must respect the confidentiality of our clients and State cooperators, we welcome the opportunity to work with APHIS to meet traceability needs to protect the Nation's livestock food supply for domestic and international markets. Thanks for my...for your time and for my opportunity to comment today.

**DR. GREGORY PARHAM:** Thank you.

[Pause]

**ASHLEY PETERSON, National Chicken Council:** Good afternoon. My name is Ashley Peterson and I'm the vice president of science and technology for the National Chicken Council. Today I speak on behalf of not only the National Chicken Council but also the National Turkey Federation, the U.S. Poultry and Egg Association, the U.S. Poultry and Egg Export Council, and the United Egg Producers. These associations and members were recently disturbed by the cancelation of the National Poultry Improvement Plan, or NPIP, advisory committee meeting which was to be held in Atlanta, Georgia, last month. We appreciate the opportunity today to express our sincere interest in NPIP and hope that APHIS continues to support through funding or other means this vital program. NPIP is an organization where government and industry work cooperatively to maintain and/or improve avian health. Through a very small staff located in Conyers, Georgia, NPIP is critical to monitoring bird health domestically, improving food safety through the SE (Salmonella enteritidis) monitoring program, ensuring exports of primary breeding stock, and working collaboratively with States to control avian influenza. This is only a snapshot into the involvement NPIP has in the poultry and egg industries, and with that we ask APHIS to continue to support the National Poultry Improvement Plan. Thanks.

**DR. GREGORY PARHAM:** Thank you, and we will continue to support that program. Yes sir.

**DAN JENKINS, Monsanto:** Hi, Dan Jenkins with Monsanto. I had a question regarding some of the priorities and things that APHIS is working on. So with the budget cuts going forward, do you see that efforts such as revising part 340...those kinds of efforts around those regulations...that those are something that are there to be de-prioritized for now, or are you looking more towards keeping those in the forefront as an effort to actually help improve efficiencies, et cetera? Thank you.

**DR. GREGORY PARHAM:** If I understood your question correct, you're asking about part 340 and whether or not we will continue to have focus in the area of revising those regulations?

**DAN JENKINS, Monsanto:** Yeah, do you think that the budget cuts are going to have to necessarily push something like that back or is that something you want to keep [inaudible] because you see that's something helpful in terms of going forward?

**DR. GREGORY PARHAM:** Right, as we have seen over the last several years, the whole area of genetically engineered organisms is one of extreme importance, both to the agency and to the public, and we will continue to work in that area as we are able. This is one of the areas where we were able to get some increases as well for 2012 and although we are going to see some decreases again, as we are talking about, the decreases are affecting almost every single program across [inaudible] it is still an area of focus for us. Yes sir?

**MIKE GILSDORF, National Association of Federal Veterinarians:** Mike Gilsdorf again from the National Association of Federal Veterinarians. I would also like to thank you for having this opportunity to share our views with you. I think it's very important in...as you've already said earlier, getting more thoughts on the issues makes it a much better way to make a decision. You had mentioned earlier in your presentation about focusing on things that you have to deliver. And then you also made comments about—or at least I thought—permits and inspections being a very high priority. And to me, that sounds like something that you would have to deliver—endorsing permits and so forth. Do you have a listing of the things that you feel you have to...the agency has to deliver, or is that something you can put on the Web site later?

**DR. GREGORY PARHAM:** Well again, I think when I talked about the contingency kind of the approach that we take, there are certain core things that are part of our mission in terms of safeguarding agriculture—I mean broadly speaking. And then we think about some of the new things we've taken on over the last decade that we may not be able to continue to do. Some of those are in areas where they're...they are not permits and those kinds of things. We know that those things are core to what we do and will continue to be. To say that there would be an actual listing of this...this isn't...I'm not prepared to go to that extent because, again, we don't always know where the questions are going to come. And so we want the ability to have the flexibility to respond appropriately when they do.

But I think the things that you have seen and you traditionally have been familiar with, like the question about the NPIP...some of things that former administrator Acord talked about in

terms of the kinds of things...in terms of international services in supporting trade...in terms of the permitting, the licensing, the inspections...all of those kinds of things—those are core to our mission and those will continue. Boots on the ground is one expression that we use as well as we look at how we approach managing our human resources going forward, and we will continue to do that. Boots on the ground means for us is that the kind of services that we deliver in the field are the kinds of services that we continue to focus on.

**MIKE GILSDORF, National Association of Federal Veterinarians:** Okay. I thought maybe you were talking about something that was by regulations; something that you need to deliver—that's what I was thinking you meant. Thank you.

**DR. GREGORY PARHAM:** Thank you. Yes ma'am?

[Pause]

**NANCY GLOMAN, Defenders of Wildlife:** Good afternoon. My name is Nancy Gloman, and I'm vice president of field conservation for Defenders of Wildlife. And I appreciate you having a stakeholders meeting. You're talking about declining budgets and what's the core mission of APHIS and your agencies, and we have a suggestion for what we believe to have been an expansion of the mission of Wildlife Services that perhaps could be cut in your deliberations. And that has to do with the use of Wildlife Services equipment and personnel to control predators in order to boost game populations. And we saw that recently in Idaho, in the Lolo, where resources were used to do that. And we believe that those resources could be used better, boots on the ground, to promote nonlethal ways of preventing conflict between wolves and other predators and livestock.

**DR. GREGORY PARHAM:** Thank you for that comment and again, Wildlife Services is interested both in lethal and nonlethal means and continues to do research in both areas. There are challenges at times when there are depredation concerns [that] have been expressed by farmers and ranchers, and we are invited...it generally is by invitation that we work with cooperator to do those kinds of things. And you'll see too that in the budget situation that Mr. Shea was talking about earlier, we lost earmarks for doing a lot of that in 2011. And then in 2012, we continue to see, you know, some changes in that area but increasingly you'll find that the only way we will be doing some of that kind of work is through reimbursable agreement. So I think you're already beginning to see somewhat of a shift. But again, as part of our repertoire, as part of our responsibility, it's important that we maintain in our portfolio the ability to respond both in nonlethal and lethal ways. But thank you for your comment. Other questions, comments for us this afternoon? Mr. Shea hasn't answered nearly enough questions, so please. [Laughter]

[Pause]

**DR. GREGORY PARHAM:** Okay, we still have some time. Okay, its 2:15 I understand. Mr. Gilsdorf, okay. [Laughter] Thank you, sir.

**MIKE GILSDORF, National Association of Federal Veterinarians:** Since you have time...again, Mike Gilsdorf for the National Association of Federal Veterinarians. Can you make any comments about thoughts that you've had...you did say at the very beginning that you have no plans on how APHIS should go forward and that's one of the reasons I understood you had this open forum...to get ideas from all of us but you want to modernize or improve APHIS and move ahead with the changes. Do you have any ideas that you could share with us on things that you've discussed or ideas that you might have?

**DR. GREGORY PARHAM:** Well, I think you've already seen some of them and when I talked about for example, the office closures that we did or are currently underway, 15 of them domestically, 5 of them internationally. And, you know, as we began to realize some of our activities or there may be other programs that as Kevin was talking about that [were] de-emphasized simply because we've been successful, okay. And so once you've eradicated the disease or have moved to a control strategy, you may effect changes on how we approach it.

But we're also looking at our overall infrastructure to see where there are more efficiencies. And as we recognize and identify more efficiencies that we can gain, we will be looking at those kinds of things. So what you saw in terms of those 20 offices globally that we closed—that is one portion of it, and we continue to have discussions about a whole range of issues as we move forward. As we mentioned before, we also know that our current funding will not support the level of staffing that we have, and so we have asked for additional authorities—they have not been granted to date but we have asked for those. So we're looking at a number of ways to manage across the board, that would address the things going on. And so I don't have the prescription here today, but we are looking at the situation—we're asking for your input. That's part of the reason for this today—to make sure that we are hearing from you, okay? And you've let us know the areas of concern that you have so that we can incorporate that as a part of the equation moving forward as well.

**KEVIN SHEA:** I don't want you to feel like I'm letting you down here [Laughter] since you had to do all the talking. Let me just tell Mike very briefly about this. We want to be able to deliver the services you need, and we can't afford to do that given the budget picture if we stay the way we are. And here's what I mean about the way we are. See all these fine ladies and gentlemen sitting in the front row here? Each one of them has a part of APHIS, and we organized that way, you know. The Congress didn't tell us to...the President didn't tell us to...we chose to organize that way.

And that organization has inherent costs, and it may be the right one—that's why we're here asking your input. But the fact is that we do have 8, 9, whatever it is, separate units here...each one has costs attendant to that because each deputy administrator has a second-in-command, and has a budget analyst and an administrative assistant, et cetera. And then for our three big programs—Plant Protection and Quarantine, Veterinary Services, and Wildlife Services—we



have a State office in most States (its 130 or so I think, maybe it's more than that), in virtually every State.

And we're not saying that we don't want to deliver on-the-ground service in all those States, but what we are questioning ourselves is do we need to have a managerial hierarchy in each of those States? Do we need to have attendant administrative people in each of those States? Those are the places that we are looking to try to save money. Not people doing inspections, Mike, as you were saying earlier. Whether it's for animal welfare, Veterinary Services, PPQ...we're not talking about that. We're not even talking about people who may be in the Riverdale building but are doing essentially the same thing. People in the National Center for Import Export for example, [in] Veterinary Services, they are literally—while not boots on the ground—making things move out of the country, making exports happen. What we are talking about is trying to streamline managerial and administrative layers and hierarchies as a way to save money to continue the core services.

So if you hear modernization and you wonder what that means, it means a lot of things. It means the easy things we've already done; for example, our folks in information technology figured out that if we combined all our cellphone contracts that previously were distributed throughout the agency, we could save a lot of money. They promised me they could save a million dollars...ended up saving \$2 million dollars doing that. Something that's probably going to be a little irritating to all of you is all of our phone numbers are getting ready to change because we are switching to the voice over internet protocol here in D.C. and in the headquarters building in Riverdale. Again, that's going to be a bit of a hassle because phone numbers are changing, but that's going to save a million dollars. We've cut travel, all the easy suspects—we've done lots of that kind of stuff, that's part of modernization.

By streamlining systems instead of having separate ones all throughout the agency, that's going to save money, but those things have their limits and as Greg has said, ultimately we can't support the staffing we had in 2010 with the appropriation we're likely to have in 2013. We had 115 people or so leave the agency recently under the buyout authority...we hope to replicate that or even a little bit more. Then of course some folks just naturally retire and leave the agency, but we simply can't afford the infrastructure of people that we've built up over time. The people we don't want to reduce, the positions we don't want to eliminate, are the ones giving you day-to-day service. That doesn't mean any of the positions that we are talking about restructuring perhaps that those folks aren't working hard; they all are, at least most of them are, I hope. It's not that they're not doing important things and it's not that it might be the most effective way of delivering service. Maybe it's a good idea to have 135 State Directors in APHIS, maybe the work is a little better because of that. But at some point, we have to start weighing 135 State Directors against 500 or 600 inspectors and people carrying out Wildlife Service activities and doing animal care inspections and horse protection inspections. So that's what we're talking about. I hope that gets at it a little bit more and I hope that helps maybe frame to you a little bit about what we're asking you. Thank you.

**MIKE GILSDORF, National Association of Federal Veterinarians:** Thanks Kevin, that's kind of what I was looking for. That was very good; I appreciate it.

[Pause]

**DR. GREGORY PARHAM:** Another opportunity...any last questions or comments for us? Again, I would like to encourage you...we do have the survey that's online, there are a couple of computers that are set up outside, also you can do that via our Web site. If there are any other questions or comments, one last...you know, we'd like to give you another opportunity. But again, this... begins the conversation that we hope then will continue to bear fruit as we move forward. We are really interested in the input that you can provide to us. And so I do thank you for your attendance today. Oh, I'm sorry, we do have another comment, yes?

**KELLI LUDLUM, American Farm Bureau Federation:** Just a comment, not so much related to budget issues with modernization, although there may be some budget savings that could come out of this. I'm Kelli Ludlum with American Farm Bureau Federation. We work very closely with a number of your folks on meetings, events, programs. It seems to me that we've seen kind of in the past, there's some outreach that could go on to different stakeholder groups as you're planning meetings to determine the best format for those meetings, and many times some of those might be able to be done via Webinar rather than an in-person meeting, either at Riverdale or at a hotel facility somewhere. So I think some increased communication with stakeholders on whether a meeting even needs to occur maybe a useful strategy to look at it in the future as you look at ways to cut costs and also increase communication with stakeholders. Thank you.

**DR. GREGORY PARHAM:** Okay, thank you. And we do use the Webinar format for some of these, and I know we have routine stakeholder calls. Many of our deputy administrators have them for their respective stakeholders. So I do appreciate the comment and it's something that we are continuing to work in that area to make sure we can, you know, achieve as many savings as possible there as well. So I do appreciate the comment. Again, any others that have things they thought about that they'd like to share with us today? Yes ma'am?

**DEBORAH PRESS, American Society for the Prevention of Cruelty to Animals:** Hi, I am Deborah Press from the ASPCA, and I want to thank you very much for this forum. One program of interest to us that's always been woefully underfunded is the Horse Protection Act program and its enforcement. And we're eager to see rules finalized that would require minimum penalties be issued by horse industry organizations for violations, and I was wondering if you could comment on whether those will be finalized in time for showing season this year?

**DR. GREGORY PARHAM:** Wow. One is always careful to predict when things will actually appear, and so I'm going to remain true to that and be careful...but it is an area that is of interest to us and is one that we've contained to work on. I don't know that it will be done within the

timeframe that you're specifying but it is one that we will continue to work on, so thank you.  
Others?

[Pause]

**DR. GREGORY PARHAM:** Again, thank you for your participation this afternoon, and we do appreciate it and hope to hear from you some more in the future. Thank you. [Applause]

**END**