



# FY 1998 Report of the Secretary of Agriculture

United States Department of Agriculture

Office of Communications

## *USDA: Preparing for a New Millennium*

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## Foreword

by Dan Glickman, Secretary of Agriculture

As we all know, 1998 brought crises to American farmers—economic downturns in Asia and Russia, strong overseas production, and poor weather across broad regions of the United States pushed down prices to farmers to levels not seen in decades. As we go to press in 1999, that unhappy trend continues.

I am proud that our Nation rallied behind President Clinton to help the family farmer. We passed a strong emergency relief package for farmers. USDA has responded to the situation and has made roughly \$17.7 billion in direct payments to America's family farmers for their 1998 crops, and \$1.6 billion in payments have been made under Federal crop insurance.

In addition, USDA provided farmers with \$3.2 billion to date in farm credit loans and approximately \$7 billion in marketing assistance loans that helped offset income lost to lower prices. We provided much-needed assistance to pork producers and dairy farmers, and have stepped up efforts to combat anti-competitive practices that hit small farmers and ranchers the hardest.

In a year that saw demand drop off in overseas markets, USDA worked aggressively to shore up agricultural exports. We broke through 77 barriers to U.S. farm trade, helping open up \$2.2 billion in export opportunities. We made a nearly 50-percent increase in export credit guarantee allocations, so we could be aggressive in holding on to some of our best customers. And, we committed over 8 million tons of food aid to help hungry people around the world and the American farmer here at home.

## **Food Safety**

This country's food supply is the safest in the world. But with a growing world population, increased production, and threats from microbes never before seen, we need to make sure we have a food safety system for the future. This year we began implementing Hazard Analysis and Critical Control Points (HACCP), our new science-based meat and poultry inspection system, in the largest plants. Preliminary findings indicate that we've seen a dramatic reduction in levels of *Salmonella* in pork and chicken in these plants.

Meanwhile our scientists continue to develop new ways to ensure food safety. This past year, I announced a new anti-*Salmonella* spray developed by USDA scientists that can help us come very close to eliminating *Salmonella* on the farm. And President Clinton established the Joint Institute for Food Safety Research and the President's Council on Food Safety to coordinate all government activities on this front, and FORC-G (Foodborne Outbreak Response Coordination Group), a rapid response team for outbreaks of foodborne illness.

## **America's Anti-Hunger Department**

As America's anti-hunger Department, USDA through its nutrition programs helped feed 1 in 10 Americans—including the 20 million people in this country who receive food stamps and the children who received 2.5 billion subsidized school meals. Our Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) provided nutritious food, nutrition education, and medical referrals to 7.4 million new moms, their infants, and young children.

This Administration won a major victory when its proposal to extend child nutrition programs was adopted. The proposal included a major provision to expand after-school snack programs to help get at-risk kids off the streets and into productive environments. We also restored food stamp benefits for our most vulnerable legal immigrants, including children and the elderly.

USDA employees donated hundreds of thousands of pounds of food to the needy, while our field gleaning efforts got fresh produce to families in need.

## **Protecting the Land**

We've got to be careful that we don't bite the land that feeds us. From expansion of our Wetlands Reserve Program to protect natural habitats ... to expansion of our Conservation

Reserve Enhancement Program to protect our water ... to an ambitious new forest road management effort that protects the environment while providing improved service to users ... to new technology that softens wood chips, thereby reducing environmental damage and energy costs and even producing stronger paper ... to protecting endangered American farmland from urban sprawl ... we are making wise stewardship of our natural resources a fundamental part of our daily lives.

Also, our folks in the Camino Real Ranger District won the Innovations in American Government Award—the most prestigious government award in the country—for bringing together deeply divided factions in a forest community.

## **Civil Rights**

I'm proud to say that in our continuing efforts on civil rights we are making serious headway. We won a rare congressional waiver of the statute of limitations so we could settle old civil rights cases that we inherited—cases that had been sitting on the shelf for far too long. We beefed up our civil rights enforcement staff, hired a seasoned civil rights advocate as USDA's Director of Civil Rights, and established a division of civil rights in our General Counsel's office.

This is just a brief summary of our year at USDA. I urge you to look at the detailed material in this report. Now, I'd like to turn my attention to 1999.

## **Key Priorities for 1999**

The famous phrase “what's past is prologue” aptly characterizes how our accomplishments lay the foundation for a strong 1999. Last year we focused on relief for farmers in a crisis. Next year, we need to develop a sturdy risk management system centered around a strengthened crop insurance program.

We need to build on our nutrition and anti-hunger activities by expanding our food rescue and gleaning efforts in our communities, expanding the School Breakfast Program, expanding the Child and Adult Care Food Program, and encouraging more grass-roots community involvement.

Our tremendous progress on civil rights encourages us to intensify our commitment to making USDA the #1 civil rights department in government.

On conservation we will continue our efforts to enhance our private land and clean water efforts throughout the Nation.

As the department of rural America, we will continue to bring clean running water to rural citizens, help increase the already record-setting pace of home ownership, and provide rural residents with on-ramps to the Information Superhighway through our Distance Learning and Telemedicine Program.

For our dairy producers, we will move quickly to implement the dairy portion of the disaster bill and work to complete milk marketing order reform.

The continuing advances made by our scientists in the past foreshadow the importance of research and technology in all aspects of USDA's work, from food safety to nutrition to sustainable agriculture.

With a strong past to build on, I look forward to a very productive year to close out the century. I especially want to take this opportunity to thank the employees of USDA, whose diligence day in and day out is why I can report proudly what we've done in 1998.

## Introduction

The mission of the U.S. Department of Agriculture (USDA) is to enhance the quality of life for the American people by supporting production agriculture; ensuring a safe, affordable, nutritious, and accessible food supply; caring for agricultural, forest, and range lands; supporting sound development of rural communities; providing economic opportunities for farm and rural residents; expanding global markets and services; and working to reduce hunger in America and throughout the world. Seven mission areas carry out USDA's mission: Farm and Foreign Agricultural Services; Food Nutrition, and Consumer Services; Food Safety; Marketing and Regulatory Programs; Natural Resources and Environment; Research, Education, and Economics; and Rural Development. USDA has identified in its 1997-2002 Strategic Plan three strategic goals for USDA's policies and programs: (1) expand economic and trade opportunities for agricultural producers and other rural residents; (2) ensure food for the hungry, and a safe, affordable, nutritious, and accessible food supply; and (3) promote sensible management of our natural resources.

## USDA Agencies and Acronyms

- **AMS** - [Agricultural Marketing Service](#)
- **ARS** - [Agricultural Research Service](#)

- **APHIS** - [Animal and Plant Health Inspection Service](#)
- **CNPP** - [Center for Nutrition Policy and Promotion](#)
- **CSREES** - [Cooperative State Research, Education, and Extension Service](#)
- **ERS** - [Economic Research Service](#)
- **FAS** - [Foreign Agricultural Service](#)
- **FNS** - [Food and Nutrition Service](#)
- **FS** - [Forest Service](#)
- **FSA** - [Farm Service Agency](#)
- **FSIS** - [Food Safety and Inspection Service](#)
- **GIPSA** - [Grain Inspection, Packers and Stockyards Administration](#)
- **NASS** - [National Agricultural Statistics Service](#)
- **NRCS** - [Natural Resources Conservation Service](#)
- **RBS** - [Rural Business - Cooperative Service](#)
- **RHS** - [Rural Housing Service](#)
- **RMA** - [Risk Management Agency](#)
- **RUS** - [Rural Utilities Service](#)

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## 1998 Accomplishments—Year at a Glance

*Our USDA successes for 1998 included—*

### **Expanding opportunities and assistance for America's family farmers**

- President Clinton fought for and won a strong emergency assistance package for America's farmers—one that includes 40 percent more funds than the original bill he vetoed. Nearly \$3 billion in assistance reached farmers before Thanksgiving, and an additional \$3 billion will be distributed before spring 1999.
- USDA's Commodity Credit Corporation (CCC) made commodity loans of about \$7.2 billion to producers, \$1.6 billion higher than last fiscal year. To offset lost farm income, CCC will also make about \$2.8 billion in loan deficiency payments, and marketing loan gains on 1997 and 1998 crops.
- Using sound science, USDA broke through 77 barriers stifling U.S. farm trade, enabling \$2.2 billion in threatened and new agricultural trade opportunities to take place. Carrying out President Clinton's Food Aid Initiative, the Department began purchases of more than 185 million bushels of wheat for donation to hungry people around the world. We increased by 40 percent—to \$4 billion—the export sales registered under our export credit guarantee programs. This enabled U.S. exporters to complete sales of 201 million bushels of wheat, 227 million bushels of corn, 104 million bushels of soybeans, and nearly 2 million bales of cotton.
- USDA led successful discussions with Canada about access for U.S. wheat, cattle, hogs, and other trade issues. USDA opened the Taiwanese market for U.S. pork, poultry, and beef—and reopened Brazil's market for U.S. wheat.
- USDA's Farm Loan Program provided over \$2.1 billion in assistance to over 26,000 family farmers in FY 1998. About \$367.1 million of these funds helped 3,186 minority and women farmers. And more

than \$490 million in direct loan assistance benefitted over 7,000 beginning farmers this fiscal year, a 6-percent increase.

- USDA responded quickly when farmers suffered devastating losses, approving disaster designations for counties in 43 States. The Department made over \$97.5 million in low-interest emergency loans and disbursed \$26.5 million in emergency conservation funds. USDA provided \$22.9 million in emergency benefits to farmers with uninsurable crops, \$2.8 million to orchard and vineyard owners, and \$4.9 million to livestock producers.
- USDA added economic and legal expertise to strengthen investigations of anticompetitive practices that hit small farmers and ranchers hardest.
- To help avert a repeat of 1997's gridlock in rail transportation, USDA hosted a National Summit on Agricultural Transportation, which set the groundwork for a comprehensive plan to meet agriculture's long-term transportation needs. The Department also created an early warning system to anticipate demand for railcars by grain shippers.
- USDA proposed the first rule on national standards for organic foods, using the Internet in an unprecedented public review and comment process. The Secretary also offered a proposal to reform Federal dairy policies.
- For the first time, USDA—not the U.S. Bureau of the Census—conducted the census of agriculture. And, for the first time, all farmers on American Indian reservations were counted.
- USDA took new steps to improve the safety net for farmers, expanding crop insurance to new crops and new areas. More than \$1.4 billion in crop insurance indemnities—a record—were paid out to farmers.

### **Creating jobs and helping to revitalize rural America**

- USDA helped 68,000 rural Americans buy homes and created or saved 215,000 rural jobs in 1998. The Department invested more than \$9 billion in rural development projects. In FY 1998, USDA invested \$4 billion to help rural Americans buy or build single-family houses, making the dream of home ownership a reality for 68,000 households.
- USDA also helped renters, spending \$219 million for loans and grants for the construction of 3,942 affordable apartment units and the repair or upgrade of 5,682 apartments in rural areas. USDA provided \$545 million to help low-income rural renters.
- USDA provided \$286 million in loans and grants to build or expand community facilities that benefit more than 2.7 million rural residents. These investments include more than \$110 million for 147 rural health care facilities, \$13 million for 46 child care centers, and \$36 million for 262 fire and rescue facilities. Another \$54 million helped develop other community resources, including job training facilities, libraries, and courthouses.
- At \$60 million, USDA loans to rural cooperatives nearly doubled this year. The Department has earmarked \$200 million for funding co-ops in 1999.
- USDA provided \$1.3 billion in loans and grants to build or improve 1,021 water and sewer systems, helping to bring clean, safe drinking water to more than 2 million rural Americans.

### **Ensuring wise stewardship of the land**

- CCC expanded the Conservation Reserve Enhancement Program to help six States, protecting New York's drinking water as well as habitats for endangered salmon and trout in the Pacific Northwest.
- CCC enrolled 211,917 acres in the Wetlands Reserve Program in fiscal year 1998. This brings the total area that is being restored and protected under the program to 665,447 acres.
- USDA began implementing the Wildlife Habitat Incentives Program in fiscal year 1998. Landowners

enrolled more than 670,000 acres in long-term agreements under the new program, in return for technical and financial assistance from USDA.

- USDA provided technical assistance to more than 740,000 farmers, ranchers, other land users, and units of government. As a result of these services, the planning decisions and management applied by resource managers on about 61 million acres of agricultural and other rural land will help to sustain resource productivity and enhance environmental quality.
- USDA provided \$17.2 million to 19 States through the Farmland Protection Program, leveraging about \$95 million in state and local funds, to preserve endangered American farmland.
- The USDA funds helped acquire permanent easements to preserve almost 45,700 acres in agricultural use. Over the 3 years of the program, more than 127,000 acres have been protected.
- USDA worked with State and local governments and other Federal agencies to begin implementation of the President's Clean Water Action Plan. Unified Watershed Assessments were completed in every State to identify watersheds with the most critical water quality concerns and to develop strategies to improve water quality in high priority watersheds. In addition, USDA and the U.S. Environmental Protection Agency developed a draft Unified National Strategy for Animal Feeding Operations (AFO's) and released it for public comment. The Strategy identifies national performance expectations for AFO owners that will reduce potential water quality risks posed by animal feeding operations.
- USDA employees at the Camino Real Ranger District in New Mexico won the prestigious Innovations in American Government Award for unifying a deeply divided forest community.
- USDA embarked on an ambitious natural resources agenda for the 21st century, setting clear priorities for scientists and managers and holding them accountable for sustaining the health of America's forests and grasslands.
- To prevent further damage by the dangerous Asian long-horned beetle, USDA banned untreated solid wood packing materials from China and helped remove more than 2,500 afflicted trees in New York.
- USDA has lifted all Florida Mediterranean fruit fly quarantines, and no Mediterranean fruit flies have been detected in Florida since 1998. The Department is working toward its eradication in California to protect valuable fruit and vegetable crops.
- The Department collected approximately \$20 million from 65 recreation fee demonstration projects on national forests and grasslands in 1998. Most of these funds are used to maintain and improve trails, recreational facilities, visitor services, signs, and health and safety features for the forests' and grasslands' 800 million visitors.
- USDA researchers developed an award-winning bio-pulping technology that uses wood-decay fungi to soften wood chips, eliminating environmental problems, reducing energy costs by at least 30 percent, and producing stronger paper.
- In 1998, USDA launched a new approach to forest road management to improve service to users, protect environmental values, enhance public safety, reduce damage to the environment, and better serve local transportation needs. A moratorium was proposed on new road construction in certain unroaded national forest areas.

### **Modernizing our food safety system, using science to ensure safety from farm to table**

- USDA implemented HACCP, the new, science-based food safety inspection system, in the Nation's 300 largest meat and poultry plants. Preliminary data indicate that the new system is already working, reducing Salmonella dramatically in pork and broiler chickens.
- President Clinton established the President's Council on Food Safety to coordinate resources and policies to better prevent foodborne illness. He also set up the Joint Institute for Food Safety Research

to ensure effective coordination of research among food safety agencies and FORC-G to ensure a rapid and effective government response to foodborne illness outbreaks.

- USDA researchers developed an anti-Salmonella spray that may help poultry producers significantly reduce Salmonella contamination on the farm. They also created a new variety of corn that can reduce phosphorous in pig and chicken waste by 50 percent.

### **Feeding America's hungry children and families—and promoting food recovery**

- USDA nutrition assistance programs helped feed about 1 in 10 Americans. In 1998, nearly 20 million needy people received food stamps to help feed their families. More than half of the 5 billion school meals served to children this year were provided free or at a reduced price. And USDA's WIC program provided nutritious supplemental foods to 7.4 million at-risk women, infants, and children to help ensure a healthier America.
- Congress passed President Clinton's legislative proposal to reauthorize child nutrition programs, including an expansion of after-school snack programs so communities can move teens off the streets. The President also successfully fought for restored food stamp benefits for our most vulnerable legal immigrants, including children.
- USDA's Inspector General's "Operation Talon" caught more than 3,500 fugitive felons, many of them violent offenders, who were former food stamp recipients.
- USDA employees donated hundreds of thousands of pounds of food to community kitchens, and field-office gleaning efforts delivered tons of fresh produce to families in need.

### **Aggressively addressing long-standing civil rights issues**

- President Clinton and I won congressional passage of a waiver of a statute of limitations, so USDA could settle older civil rights cases. The Department restaffed its civil rights enforcement unit and cut in half the backlog of discrimination complaints. Civil rights training began for all employees.
- The Office of Civil Rights investigated 131 program discrimination complaints in FY 1998. Its investigative unit had been eliminated in 1982, and no more than a handful of cases had been investigated annually since that time.

## **Introduction**

The mission of the U.S. Department of Agriculture (USDA) is to enhance the quality of life for the American people by supporting production agriculture; ensuring a safe, affordable, nutritious, and accessible food supply; caring for agricultural, forest, and range lands; supporting sound development of rural communities; providing economic opportunities for farm and rural residents; expanding global markets and services; and working to reduce hunger in America and throughout the world. Seven mission areas carry out USDA's mission: Farm and Foreign Agricultural Services; Food Nutrition, and Consumer Services; Food Safety; Marketing and Regulatory Programs; Natural Resources and Environment; Research, Education, and Economics; and Rural Development. USDA has identified in its 1997-2002 Strategic Plan three strategic goals for USDA's policies and programs: (1) expand economic and trade opportunities for agricultural producers and other rural residents; (2) ensure food for the hungry, and a safe, affordable, nutritious, and accessible food supply; and (3) promote sensible management of our natural resources.

# 1. Increasing Production, Trade, and Opportunities for Family Farmers

## Farm Service Agency

### Mission

Farm Service Agency's mission is to ensure the well-being of American agriculture and the American public through efficient and equitable administration of farm commodity, farm loan, conservation, environmental, emergency assistance, and domestic and international food assistance programs.

### Farm Safety Net

#### Farm Loan Program

In FY 1998, the Farm Service Agency (FSA) provided over \$2.1 billion in loan assistance to over 26,000 family farmers. The Agency:

- Provided \$789 million in 15,620 direct loans, and \$1.435 billion in 10,557 guaranteed loans to family farmers in rural America.
- Provided \$367.182 million direct and guaranteed loans to 3,186 minority and women farmers in FY 1998, exceeding the targeted allocation set by Congress by 191 percent.
- Provided over \$490 million in direct loan assistance to more than 7,000 beginning farmers, a 6-percent increase over FY 1997.
- Published new proposed rule and developed final rule to streamline the procedures for lenders obtaining FSA loan guarantees.
- Initiated new foreclosure and lending policies at USDA in an effort to assure that no farmers will lose their farm because of discrimination.
- Developed new farm business plan software for use by customers on their home computers as well as by FSA employees. This software will help farmers develop yearly business plans to make their operations as efficient and profitable as possible.
- Decreased direct farm loan delinquency from \$2,124,682,363 in FY 1997 to \$1,764,873,822 in FY 1998. This is significant, considering the low commodity prices and adverse weather conditions that existed throughout the year.
- Decreased the number of Farm Inventory properties from 1,131 in FY 1997 to 791 in FY 1998.

Guaranteed loan delinquency remained low at 2.63 percent, and guaranteed loan loss rate remained less than 1 percent (.78). These figures are significant, considering the low commodity prices and adverse weather conditions that existed throughout 1998.

### CCC Nonrecourse Marketing Assistance Loan and

### Farm Forums

On April 3 in Lexington, Kentucky, Secretary Glickman kicked off the first of seven farm forums around the country. A crowd of 700 farmers, local and State officials, and agribusiness leaders were mainly interested in tobacco issues. Deputy Secretary Richard Rominger had a farm forum April 3 in Orono, Maine, where over 250 farmers raised concerns about dairy policy, Canadian imports, and ice damage. On April 6 Deputy Secretary Rominger spoke to over 200 farmers in Greenville, Florida. On April 7, Secretary Glickman met with over 200 farmers in Las Cruces, New Mexico, and Deputy Secretary Rominger met with nearly 200 farmers in Salinas, California, the same day about dairy and pesticide concerns. In Aberdeen, South Dakota, Secretary Glickman talked with farmers about cattle prices and wheat issues, and on April 8 in Ames, Iowa, Secretary Glickman and Deputy Secretary Rominger hosted another town hall meeting with 500 farmers on the campus of Iowa State University.

### Loan Deficiency Payment Program

Nonrecourse marketing assistance loans, for which production of a commodity serves as collateral, allow farmers to pursue alternative marketing strategies at a time when prices typically are at the seasonal harvest-time lows. Loan deficiency payments (LDP's), an option to loans, provide eligible producers with direct payments when prices are low.

CCC made the following efforts in fiscal year 1998 to help offset farm income losses due to low prices and the adverse effect of natural conditions on the quality of farmers' output:

- Made a total of \$7.2 billion in marketing assistance loans to producers. This was \$1.9 billion higher than the previous fiscal year, when prices were generally much higher.
- Held forfeitures to a fraction of the levels observed

in the mid-1980's when crop prices were also low.

- Broadened the eligibility for marketing loans and loan deficiency payments. For example, the change allowed producers who harvested corn for silage to be eligible for marketing assistance loans and LDP's and for producers with sample grade wheat, contaminated corn, or other below grade commodities also to be eligible for these benefits.
- In September 1998 made \$3.2 billion in final Production Flexibility Contract payments for FY 1998, bringing the total for the fiscal year to \$5.66 billion.

### Emergency Assistance

CCC and FSA have:

- Approved disaster designations for counties in 43 States.
- Developed the FSA Hay Net, a program helping producers in need of hay to connect with those that had it.
- Approved haying and grazing of CRP acres in many States to allow producers to feed cattle in disaster-stricken areas.
- Made over \$97.5 million in low-interest emergency loans.
- Disbursed \$26.5 million in Emergency Conservation Program cost share assistance.
- Disbursed \$22.9 million in Noninsured Disaster

### USDA Responds to Natural Disasters Hurting Agriculture

- In June 1998, CCC authorized emergency grazing of Conservation Reserve Program acreage in Montana, North Dakota, South Dakota, and Texas, where severe weather conditions had depleted hay supplies or impaired the growth of hay and pasture. In addition, FSA allocated \$730,000 in Emergency Conservation Program funds to six Montana counties to help livestock producers provide water to livestock.
- On July 9, Secretary Glickman declared Florida a disaster area, making farmers throughout the State eligible for low-interest emergency loans from FSA to recover from damage related to fire and drought. Also on July 9, the Secretary met with farmers and State agricultural officials in the Orlando area, to review the agricultural damage in the State.
- In July, Secretary Glickman declared Georgia,

Assistance Program benefits.

- Disbursed \$2.8 million in Tree Assistance Program benefits.
- Disbursed \$4.9 million in Livestock Indemnity Program payments. Administered additional programs to producers as a result of legislation providing over \$6 billion for economic and natural disaster relief. In addition, as announced by the Vice President on January 8, 1999, USDA will make about \$50 million in direct cash payments to hog producers and increase funding by \$80 million for the hog pseudorabies eradication program.

## Conservation

### Conservation Reserve Program

CCC has:

- Made the Conservation Reserve Program (CRP) more environmentally sensitive and sound.
- Enrolled nearly 23 million acres of America's most environmentally sensitive lands for protection in the CRP, freeing up millions of acres of cropland to be put back into production.
- Broadened the Conservation Reserve Enhancement Program (CREP) using State and Federal resources to help solve environmental problems. This program provides a framework for CCC to work in partnership with States and local interests to meet State-specific environmental objectives. CREP proposals have already been approved in Maryland, Minnesota, Illinois, New York, Oregon, and Washington.

Florida, and many counties in Texas to be disaster areas, making farmers and ranchers in those places eligible for emergency loans from USDA. In addition, to alleviate the drought-induced forage shortage, CCC allowed farmers in Texas to use hay land enrolled in the Conservation Reserve Program on an emergency basis, and allowed emergency grazing in 10 other States for the same reason.

- On July 28 and 29, Secretary Glickman toured farms hurt by the drought in Oklahoma and Texas to inspect drought damage and met with agricultural leaders and experts in College Station, Texas, to assess the economic implications of the disaster.
- On July 29, Secretary Glickman held a round table on the drought and its effects on the Texas economy, with State officials, farmers, and academics at Texas A&M University.
- Following the President's announcement on July 23, 1998, that Texas farmers and ranchers are eligible for low-interest loans from FSA to help them recover from the effects of natural disasters, Secretary Glickman on July 26 extended the same assistance to Oklahoma farmers and ranchers.
- On August 5, Secretary Glickman declared the entire State of South Carolina a disaster area. By the beginning of August, CCC designated 143 counties in 11 States allowing eligible producers to hay and graze Conservation Reserve Program acreage in response to feed shortage conditions.
- Touring agricultural damage near Sydney, Texas, August 11, Secretary Glickman designated all or parts of Iowa, Montana, and Wyoming as disaster areas, making farmers and ranchers there eligible for low-interest economic emergency loans.

## Food Relief Efforts and Food Security

- Continued to expedite shipment of food in response to natural disasters and economic hardship. FSA assisted in providing over 900,000 pounds of food to victims of Hurricane Georges in Puerto Rico.
- Worked closely with the Agency for International Development (AID) to advance purchase a variety of commodities used under the provisions of Public Law 83-480 for food assistance overseas and store the products at a U.S. port for use in emergency situations. Over 37,000 metric tons of product were handled throughout the year.
- Undertook special efforts to respond to several world emergency food situations. About 200,000 metric tons of assorted food were purchased and delivered to North Korea through the World Food Program.

In response to the crises in Indonesia, CCC purchased nearly 60,000 metric tons of food. This fall, the emergency appeal for the Balkans region which includes Serbia and Kosovo resulted in the emergency purchase of 15,000 metric tons of wheat flour.

### President's Food Aid Initiative

In July, President Clinton announced a Food Aid Initiative under which surplus commodities that were removed from the domestic market by CCC were disposed of through donations.

#### Conservation Reserve Enhancement Program

On August 26, Secretary Glickman announced \$10.4 million in CCC funding for the New York City Watershed Conservation Reserve Enhancement Program (CREP), a Federal-State initiative to protect New York City's drinking water.

This activity included:

- The purchase of 1.26 million metric tons (MT) of wheat which will be donated through various food aid programs.
- Preparations to purchase another 3.74 million MT to meet the President's goal of removing 5.0 million MT of wheat from domestic markets.

### Food Recovery

- In the fall of 1997, USDA hosted the first National Food Recovery and Gleaning Summit to bring together public interest groups, the private sector, farmers, and others to discuss hunger and food recovery. Summit participants set a national goal of increasing food recovery by 33 percent. As a result of the summit, FSA has initiated gleaning activities in at least 26 States. Crops gleaned include apricots, apples, blueberries, cabbage, cantaloupe, celery, cherries, sweet corn, cucumbers, grapefruit, green beans, melons, peaches, peas, peppers, potatoes, squash, strawberries, sweet potatoes, tomatoes, and wheat.
- At least 14 new farmers markets were opened in at least 9 States.

#### Voice for Freer World Trade

On January 7, 1998, Secretary Glickman addressed the Oxford Farming Conference in Oxford, England. He reported on the status of the U.S. agricultural policy and discussed a number of other critical trade matters, including food safety standards based on sound science. He advocated moving world agricultural trade toward a "more open, free and fair global marketplace."

### Civil Rights

- Trained 25,581 FSA employees (97 percent of total) on the Introduction to Civil Rights.
- Developed a new system to process program complaints using a centralized factfinding office located in Montgomery, Alabama, which reports directly to FSA's Office of Civil Rights and Small Business Utilization Staff (CR&SBUS). Now, cases are independently reviewed in the field and analyzed by the headquarters CR&SBUS within an average of 47 days.

# Foreign Agricultural Service

## Mission

The mission of USDA's Foreign Agricultural Service (FAS) is to serve U.S. agriculture's international interests by expanding export opportunities for U.S. agricultural, fish, and forest products and by promoting world food security.



## USDA Goal: Expanding economic and trade opportunities for agricultural producers and other rural residents

In 1998, CCC made full use of its export credit guarantee programs to support U.S. exports; these programs were especially helpful in keeping U.S. products flowing to the troubled markets of South Korea and Southeast Asia. For FY 1998, CCC announced the availability of nearly \$5.8 billion in GSM-102 credit guarantees, compared with \$3.96 billion in 1997. In FY 1998, export credit guarantee programs facilitated the sale of over \$4 billion in U.S. agricultural products.

### Export Initiative for North Dakota

The Foreign Agricultural Service, working with the North Dakota State Department of Agriculture and the Mid-America International Agri-Trade Council, led an outreach effort to stimulate North Dakota's value-added agricultural exports and support efforts to generate additional economic activity in the depressed agricultural sector of the State. In June, FAS completed an outreach mailing of export assistance materials to more than 1,200 agricultural processors and wholesalers in the State, including more than 400 grain establishments handling grain and soybean commodities.

Secretary Glickman reactivated the Export Enhancement Program (EEP) to partly compensate U.S. poultry producers for markets lost in Europe. He also announced an EEP initiative for barley in response to the European Union's heavily subsidized sale of barley into the U.S. market. Under the Dairy Export Incentive Program, Secretary Glickman has authorized export bonuses up to the maximum volume and spending limits consistent with our World Trade Organization (WTO) obligations.

### Program Development Division, Export Credits Program Area

Five employees in the FAS Export Credits area partnered with five private voluntary organizations to streamline the funding process to private organizations for humanitarian food distribution. This team is a great example of reinvention, and it won Vice President Gore's Hammer Award. They cut cycle time from 41 to 7 business days, cut hands-off from 10 to 5 people, cut administrative costs by almost \$1 million in 1 year, and increased U.S. commodities purchased and food distribution by 28 percent.

USDA worked successfully to open, expand, and maintain markets for U.S. agriculture. In February, the United States and Taiwan signed a market access agreement that has Taiwan lifting its import bans and allowing access for U.S. pork, poultry, and variety meats. Upon Taiwan's accession to the WTO, Taiwan will cut tariffs and open tariff-rate quotas on a range of agricultural products. In May, the WTO ruled that the European Union must bring its ban on meat from animals treated with growth-promoting hormones into compliance with the WTO panel and appellate body

rulings by May 13, 1999. USDA is working to address issues and ensure support for the safe use and trade of agricultural biotechnology products. USDA is working bilaterally with key trading partners such as Argentina, Chile, Japan, and Canada, as well as multilaterally through organizations such as the Asia Pacific Economic Cooperation (APEC) forum.

The U.S. Government continues to implement two major trade agreements—the Uruguay Round Agreement on Agriculture and the North American Free Trade Agreement (NAFTA)—as well as numerous bilateral agreements to open markets for U.S. agricultural products. U.S. exports to our two NAFTA partners—Canada and Mexico—continue to be a bright spot in the export picture. Exports to those two countries were expected to account for 24 percent of total U.S. agricultural exports in FY 1998.

### **Risk Management Efforts for Socially Disadvantaged Farmers**

On March 24, USDA Risk Management Agency staff participated in a Risk Management Education Work Group with a community college and North Carolina Extension staff to design outreach activities directed to agribusiness and farmers, especially limited-resource and socially disadvantaged farmers, in an eight-county area in the Kenansville, North Carolina, area. Also on March 24-25, RMA staff attended the Native American Federal Resources Forum in Helena, Montana, showcasing how USDA's programs can serve American Indians.

Training under the Cochran Fellowship Program can have many positive impacts. For example, in 1993, You Xim Sun was the assistant manager of the Shanghai No. 1 Provisions Store—a store owned by the Chinese government. While participating in the Cochran Fellowship Program, he learned about the possibilities of an open distribution system in a market economy. With this vision of the future in China, he left his job with the state-owned company and set up his own business. He now runs a successful company that imports food ingredients from the United States and other countries.

Glenzie Kazi of South Africa participated in a horticultural training program under the Cochran Fellowship Program in 1996. After returning to South Africa, Ms. Kazi took over her father's nursery business. With ideas she had learned in the United States, she bid for and won three large landscaping contracts. She hired 12 new employees and is training four students from the local agricultural school.

To foster better agricultural trade and development cooperation, USDA is participating in bi-national commissions with key countries such as Argentina, Chile, Russia, South Africa, and Ukraine. This participation ensures that agricultural issues are represented in discussions with these key trading partners.

Since 1984, USDA's Cochran Fellowship Program has provided U.S.-based training for over 6,060 international participants from 56 countries worldwide--middle-income countries, emerging markets, and emerging democracies. Training opportunities are for senior- and mid-level specialists and administrators from the public and private sectors who are concerned with agricultural trade, agribusiness development, management, policy, marketing, and technology transfer. In FY 1998, 567 Cochran fellows from 48 countries received training in the United States.

In 1998, FAS teamed up with the National FFA organization and the United Negro College Fund to provide college students with opportunities to work at agricultural offices in U.S. embassies overseas for up to 3 months. In 1998, FAS offices in Argentina, Austria, Belgium, China, Morocco, Poland, Singapore, South Korea, Spain, Taiwan, and Venezuela participated in the program, providing training and work experience to 15 college students interested in careers in international agricultural trade and related industries.

On August 5, the U.S. embassy in Nairobi, Kenya, was destroyed by a terrorist bomb. A Kenyan citizen working for the FAS office was killed by the bomb blast, and three other FAS employees were injured. Newly enacted legislation will provide compensation to the hundreds of Kenyans who were injured and the families of those who were killed. In addition, USDA employees established a fund to help the victims of this tragedy.

### **USDA Goal: Ensuring food for the hungry, and a safe, affordable, nutritious, and accessible food supply**

The United States continues its strong commitment to the World Food Summit goal of reducing the number of undernourished people by half by the year 2015. The U.S. action plan, which will outline U.S. proposals to reduce hunger both in the United States and around the world, will be issued in early 1999.

#### **Funding Risk Management Initiatives for Minority Farmers**

On June 26, USDA awarded an \$85,000 grant to the Salinas, California, Rural Development Center to improve the risk management skills of more than 300 Latino family farmers. And on June 27, USDA awarded a \$60,000 grant to develop a risk management education program to benefit Hmong and other Southeast Asian farmers as they begin farming careers near Fresno, California.

In FY 1998, the United States provided about 3.5 million tons of food aid to needy countries. (Programs under which food aid is provided are: Titles I, II, and III of Public Law 480, the Food for Progress Program, and Section 416(b).) In addition to the food aid provided under these authorities, President Clinton in July announced a new Food Aid Initiative which is expected to provide 5.0 million metric tons of wheat and wheat products once fully implemented. The initial 2.5 million metric tons were allocated within 3 months.

### **USDA Goal: Effective customer service and efficient program delivery**

FAS opened an office at the U.S.-Mexican border to help identify and resolve border trade issues that impede U.S. agricultural exports. The office, located in Nuevo Laredo, Mexico, also conducts outreach activities into border communities in the United States and Mexico to explain USDA trade programs. U.S. exporters sold more than \$5 billion worth of agricultural products to Mexico in 1998, making Mexico our third largest export market.

FAS also opened two new regional export assistance centers in 1998 in Atlanta, Georgia, and Sacramento, California. These offices are developing partnerships with key groups such as State departments of agriculture, universities, trade and economic development groups, State and local governments, regional trade centers, and food industry and farm organizations to alert them to overseas opportunities and sources of private and public export assistance. FAS also has export assistance offices in Des Moines, Iowa, and Portland, Oregon.

## **Risk Management Agency**

## Mission

The Risk Management Agency will provide and support cost-effective means of managing risk for agricultural producers in order to improve the economic stability of agriculture.

In April 1998, Secretary Glickman announced steps that USDA would take to improve the safety net for U.S. farmers, including measures to improve the crop insurance program. During the year, the Risk Management Agency (RMA) began or accomplished these initiatives: (1) expanded crop insurance to new crops and new areas (ongoing); (2) suspended the controversial Nonstandard Underwriting Classification System (effective 1999); (3) revised prevented planting provisions (effective 1999); (4) made coverage available more quickly (ongoing); and (5) developed new pilot programs providing producers with increased coverage (effective 1999).

RMA is committed to helping producers find efficient and affordable means of managing risk in order to improve the economic stability of agriculture. In 1998, the agency implemented new pilot programs for sweet potatoes, pecans, and avocado and mango trees, and approved pilot programs for watermelon, rangeland, wild rice, cherry, cabbage, winter squash, mustard, and crambe for the 1999 crop year. RMA also developed an innovative new revenue policy, raised coverage levels to 85 percent for various policies, revised its current nursery program, and made critical changes to several other existing crop policies.

## Response to Farm Crisis

RMA responded decisively to the distress of farmers affected by declining prices and the catastrophic effects of several years of disastrous weather, including those resulting from El Niño. In the South and West, deviations were approved in the standard loss adjustment procedure for cotton farmers suffering from drought. In the Northwest and Northern Plains, the following changes were approved for the 1999 crop year: (1) new options to existing programs were added to counteract the effects of multiple years of losses, (2) Income Protection for barley was expanded to several States, (3) crambe and mustard crop insurance programs were developed for 18 North Dakota counties, and (4) current programs were expanded, including canola for North Dakota and Revenue Assurance for corn and soybeans in Illinois, Minnesota, and South Dakota. Recommendations were solicited for the development of a pilot program to better protect growers from losses due to wheat scab. In addition to these mostly long-term measures, RMA

### USDA Expands Crop Insurance Protection

On May 8, the Federal Crop Insurance Corporation Board of Directors voted unanimously to authorize a pilot crop insurance program to increase coverage from 75 percent to up to 85 percent of a farmer's individual yield; to expand the income protection pilot plan for wheat to include all of Montana, Oregon, South Dakota, and Washington; to expand the group Risk Plan crop insurance pilot to test rangeland in 12 Montana counties; to approve a new pilot program for avocado fruit in Dade County, Florida; and to make several improvements to the Crop Revenue Coverage for wheat.

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“The two biggest improvements are the ease of starting up and getting into the nursery insurance program, and the fact it adds. . . about 40 percent of the plant material grown in Oregon that was previously uninsurable. That is probably the biggest thing.” —Tom Fessler of Woodburn Nursery and Azaleas Incorporated and past president of the Oregon Association of Nurserymen

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“Crop insurance has been our salvation. . . . If it had not been for crop insurance after the devastating losses in 1994

will pay hard-hit producers an estimated \$1.7+ billion in claims for 1998 losses, including over \$556 million in Texas, \$96.6 million in North Dakota, \$114.7 million in Georgia, \$95.1 million in California, and \$78.9 million in Minnesota.

### **Agricultural Research Bill**

On June 3, President Clinton signed the Agricultural Research, Extension, and Education Reform Act of 1998, Public Law 105-185, sending a message to producers that the Administration was committed to stabilizing and strengthening the crop insurance program. The Act ensured the stability of the program by meeting budget targets and providing permanent funding from (1) offsets from the food stamp administration surplus, (2) decreased compensation to insurance companies, and (3) increased producer fees.

### **Risk Management Education**

The Risk Management Education (RME) initiative was established by Secretary Glickman in 1997 to foster partnerships between the private and public sector that would lead to the creation of a comprehensive RME program. In 1998, Secretary Glickman awarded \$3 million in grants to 17 of the 107 applicants who responded to the call for proposals. RMA, the lead government agency, also conducted more than a dozen State and regional conferences to “train the trainers.”

### **Dairy Options Pilot Program**

On June 8, 1998, Secretary Glickman launched the \$11 million options pilot program for dairy producers, observing that “with this innovative program, CCC will build on its efforts to help farmers—both large and small—to manage risk.” The first RMA program to use futures markets as a risk management tool, the pilot project allows farmers to offset their losses when milk prices fall, based on projected future earnings.

### **New Revenue Insurance Policies**

In September 1998, the Secretary announced the approval of the Adjusted Gross Revenue (AGR) pilot program, observing that “If this experiment succeeds, we will be closer to the day when we can cover all crops.” The AGR policy will insure a percentage of multiple commodities under one policy, and base coverage on an adjusted 5-year average of gross income reported by the farmer on Schedule F of his or her tax return.

### **Expansion of Covered Crops**

and 1996, we would not have been able to continue.”—Georgia producer Duke Lane, Jr., owner of the second largest peach operation in the United States

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Without crop insurance protection to help survive the effects of El Niño, third-generation peach farmer Lewis Holmes says, “I would have had to fold my tent. . . . I am willing to work with the local office in Valdosta, Georgia, and Washington officials to help forge a better risk management program to benefit all farmers. We need to protect American farmers so that they can provide our great country with the food and fiber that our people so richly deserve.” —Lewis F. Holmes, III, member of the Board of Directors of the South Carolina Peach Council

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“The Cherry Pilot Crop Insurance program is providing a risk management tool to cherry growers that has never been available before . . . . The pilot could not have been approved at a better time.” —Nora Baldwin, owner of Homestead Orchards in Washington State

For the 1998 crop year, RMA expanded 28 current crop programs into an additional 187 counties. This expansion added to the staggering national total of 28,154 county crop programs in 2,983 counties. In 1999, expansions will include canola, blueberries, income protection for barley, crop revenue coverage (CRC) for rice, and revenue assurance for corn and soybeans. CRC coverage will also be available for corn, cotton, grain sorghum, and soybeans in Florida and Maryland counties where the crop is already insured under a standard crop insurance policy.

## 2. Providing Tools for Wise Stewardship of the Land

USDA's Natural Resources and Environment mission area plays a vital role in the management and conservation of the Nation's land, natural resources, and natural heritage. USDA's Forest Service and the Natural Resources Conservation Service share responsibility for fostering sound stewardship on 75 percent of the country's total land area.

The Forest Service mission is to sustain the health, productivity, and diversity of the land to meet the needs of present and future generations. The Forest Service carries out its mission in several ways: through wise care and stewardship of national forests and grasslands; through cutting-edge research programs which promote conservation, recycling, and new technologies that support ecologically sustainable development; and through State and private forestry programs which help deliver the benefits of conservation to hundreds of communities and States across the Nation.

The Forest Service manages 191.6 million acres of public lands, made up of 155 national forests and 20 national grasslands in 44 States, Puerto Rico, and the Virgin Islands. The Forest Service challenge on the eve of the 21st century is to manage the people's forests and grasslands through a new natural resource agenda with health of the land as the primary objective.

### Improvements to Conservation Reserve Program

On January 29, Secretary Glickman announced results of the 16th signup for CCC Conservation Reserve Program (CRP), bringing 5.9 million environmentally sensitive acres into the program, greatly increasing the conservation value of the program.

The Natural Resources Conservation Service (NRCS) mission, "to provide leadership and administer programs to help people conserve, improve, and sustain our natural resources and environment," provides the foundation for the conservation leadership role it has earned. For 6 decades, NRCS has

worked side by side with landowners, conservation districts, State and local governments, and urban and rural partners to restore and enhance the American landscape. The agency provides direct technical assistance and conducts a broad range of programs to address farmers' and ranchers' natural resource concerns on millions of acres of private lands.

Although the programs of these agencies differ, both are defined by profound land and service ethics which guide their common mission: to promote diverse, healthy, and sustainable ecosystems by restoring and sustaining the integrity of soil, air, water, biological diversity, and ecological processes. By making resource management decisions in the context of the full system, the agencies ensure that products, values, services, and uses desired by people are produced in ways that sustain a healthy and productive Nation and environment.

## Forest Service

### Sustaining Our Natural Resource Legacy

As the Forest Service enters its second century, it is advancing a strong, broad-based natural resource agenda that sets clear priorities for its scientists and managers, holding them accountable to the American people for sustaining the health of the land.

In support of the agenda, the Forest Service is focusing special attention on four areas: Watershed health and restoration; Sustainable forest management; National forest roads; and Recreation.



*Forest Service employee Karl Perry explaining minerals to a forest visitor.*

In autumn 1998, the Forest Service released *Charting our Future: A Nation's Natural Resource Legacy*, a publication that presents a conservation vision for public lands in the 21st century. It is a call to action, both for Forest Service employees and for the many organizations and people who depend upon and care for the national forests and grasslands.

### Making a Difference on the Ground

In 1998 Forest Service Chief Mike Dombeck awarded more than 100 natural resource agenda grants worth more than \$2 million to a wide array of projects that included community forestry, outreach to urban communities, interpretation and education, noxious weed eradication, watershed and road rehabilitation, wildlife and fisheries projects, forest management, research on assessing harvest methods, forest stress, watershed restoration, sustainability, and more. The grants were awarded to National Forests, Research, and State and Private Forestry programs.

### Working Together

The Sustainability Roundtable made up of over 30 leaders of Federal agencies and State, county, tribal, and nongovernmental organizations (including environmental, industry, landowner, and community groups and professional societies) was formed in 1998. The Roundtable was brought together by Secretary Dan Glickman and Forest Service Chief Mike Dombeck to help realize the President's commitment to achieve sustainable forest management by the turn

#### **Community-Based Ecosystem Restoration Team—10 Federal Agencies and State of Oregon Share Hammer Award**

The Governor of Oregon and 10 Federal agencies signed a Memorandum of Understanding committing to a common vision and strategy focusing on the goal of healthy ecosystems rather than the means and processes to achieve it. This has empowered and encouraged local community-based, watershed council efforts to develop and implement ecosystem plans that address all lands and issues in the watershed. The Federal agencies involved are Forest Service, Natural Resources Conservation Service, Fish and Wildlife Service, Bureau of Indian Affairs, Bureau of

of the century. The overall goal of the Roundtable is to bring people together to foster common goals for sustainable forests and grasslands.

Reclamation, National Park Service, National Marine Fisheries Service, Bureau of Land Management, Environmental Protection Agency, and the U.S. Army Corps of Engineers.

## **A Southwest Strategy for Natural Resource Conservation and Community Development**

The Forest Service, along with other Federal agencies in Arizona and New Mexico, is working with local communities on a natural resource conservation and community development strategy. This is a collaborative effort to seek solutions to difficult issues such as adjustments to grazing permits, protection of endangered species, and protection and use of water resources. Awareness of the Southwest Strategy approach continues to spread as a potential model to resolve tough local and regional issues for public land management in the Southwest.

## **Communities Reinvent Government To Protect and Use Public Lands**

In 1998, Under Secretary James Lyons presented representatives of the Diablo Trust with a National Reinvention Laboratory Certificate. Signed by Forest Service Chief Mike Dombeck and Vice President Al Gore, the certificate establishes the Diablo Trust as a National Reinvention Laboratory. Reinvention laboratories are innovative organizations or activities established to test or prototype new reinventing government initiatives. The Diablo Trust is the result of 5 years of effort by ranchers, environmentalists, the Hopi Tribe, Federal and State agencies, college faculty, and others in the Flagstaff, Arizona, area to keep the area's hallmark large-scale landscapes intact. It is the first Reinvention Laboratory focused on ranching and landscape-scale opportunities. The Diablo Trust encompasses 500,000 acres including private lands and a portion of the Coconino National Forest (AZ).

### **Team Oregon Conservation Partnership Wins Hammer Award**

The Natural Resources Conservation Service in Oregon, with assistance from Oregon's Association of Conservation Districts and the Oregon Department of Agriculture, reorganized the traditional line-and-staff structure into eight watershed basin groups. Because of the unique partnership and the streamlined way of conducting business, the Oregon Conservation Partnership has been able to use many existing and emerging conservation opportunities, including salmon restoration activities, water quality implementation, Farm Bill implementation and locally identified issues. This has saved taxpayers time, money, and frustration from bureaucratic duplication.

## **Recreationists Have New Resources**

In 1998, the Forest Service joined with six other Federal agencies under the National Partnership for Reinventing Government to create [www.recreation.gov](http://www.recreation.gov), a new interagency Internet website and search engine that allows users to quickly and easily locate recreation opportunities on Federal lands. Also in 1998, the Forest Service expanded the opportunity for recreationists to reserve space at recreation sites nationwide through a toll-free number, providing a "one-stop" reservation service.

## **Clean Water Act Turns 25**

The Federal Water Pollution Control Act, commonly known as the Clean Water Act, marked its 25-year anniversary in FY 1998. Nearly 80 percent of the Nation's freshwater sources originate on national forest land.

In February 1998, President Clinton and Vice President Gore announced a new strategy for addressing water problems across the country in a Clean Water Action Plan. Developed under the leadership of USDA and the Environmental Protection Agency, the plan focuses on: greater Federal, State, and local integration through a watershed approach; connection between water quality and natural resource programs; accelerating watershed and ecosystem restoration; and critical role of collaboration with communities and other local stakeholders.

### **Turning Street Trees Into Sawlogs**

Utilizing City Trees, an award-winning publication by the Forest Service and New Jersey Forestry Services, inspired workshops on the same theme in 1998. The publication and workshops educate and train personnel from tree service companies, lumber manufacturers, municipalities, and State agencies on how to merchandise sawmill-size logs from trees removed from city streets. The strategy turns urban wood waste, a potential cost burden, into an income-producing opportunity. Urban wood recycling efforts are a part of the Forest Service's emphasis on urban and community forestry.

#### **Hammer Award to Columbia Gorge Discovery Center**

Usually the Forest Service plans, develops, constructs, operates, and maintains its interpretive centers. When it came time to plan the Columbia River Columbia Gorge Discovery Center in Oregon, the Forest Service entered into a unique partnership with the local government and citizens. A five-member group became the overall responsible governing body of this facility and worked to jointly construct the Discovery Center with the Wasco County Museum. This is a private/nonprofit/ Federal project owned and operated by the private/nonprofit group. The Forest Service serves as a member, not as the controlling organization. This resulted in significant cost savings to government in the construction phase and will result in reduced long-term operation costs. The Forest Service is providing service to the public which features the strengths of the private sector, the support of a community regional nonprofit entity, and the professional capabilities of the Forest Service.

#### **Improving the Urban Environment in the Nation's Capital**

On February 3, 1998, Secretary Dan Glickman joined USDA's Forest Service; Natural Resources Conservation Service; Agricultural Research Service; and Cooperative State Research, Education, and Extension Service; and District of Columbia Government officials to recognize community organizations that will share \$250,000 of Federal Challenge Cost-Share funds. Twelve groups received funds ranging from \$5,098 to \$50,000 to use in implementing Urban Environmental Resource Initiative projects as part of USDA's Plan of Action for the District of Columbia. The Urban Environmental Resource Initiative helps local groups improve their environment through volunteerism and

community support. This project is part of the President's Initiative to assist the District of Columbia in improving the health and beauty of its urban environment.

### **Sustaining Forests Globally**

In 1998, Forest Service Chief Mike Dombeck reviewed collaborative programs in Negev, Jerusalem, and the northern Galilee region in Israel. The Forest Service and the Keren Kayemeth LeIsrael World, the land management counterpart in Israel, have been working together on arid and semi-arid afforestation (planting trees where they have not grown before) and watershed management for over 10 years, during which time over 50 technical exchanges involving more than 100 professionals have occurred. The Forest Service is the principal sponsor of the International Arid Land Consortium that researches, develops, and performs

demonstration projects in arid lands management.

## Serving All People

In 1998, the Forest Service joined with the Bureau of Land Management, the National Park Service, the Bureau of Reclamation, the Army Corps of Engineers, and the Fish and Wildlife Service to improve our ability to serve all of our publics. We joined in an agreement with a nonprofit organization, Wilderness Inquiry, to further the goals of dignity, independence, and social integration in the outdoor recreation environment.

Wilderness Inquiry, based in Minneapolis, Minnesota, has been providing recreation and wilderness opportunities for people from diverse backgrounds, including those with disabilities, urban at-risk populations, and single-parent families, for more than 20 years. Services include training, outreach, and development of information. Trips are also available for those who may not be able to experience natural settings on their own.



## Forestry Is for Farmers Too

The Forest Service built a partnership in 1998 with the National Black Farmers Association and the USDA Coalition of Minority Employees. The agency is helping its new partners become better informed on landowner assistance programs available through State forestry organizations, and the partners are helping the Forest Service identify interested landowners with limited resources who have been underserved in the past. The Forest Service's Southern Region plays an important role in reaching out to landowners in the South, where additional program services are especially needed.

### Help for Flooded Areas

In June and July, USDA approved \$18.9 million for Colorado, New York, Maine, California, South Dakota, Oklahoma, Ohio, Arizona, Alabama, New Hampshire, Vermont, Wisconsin, Mississippi, Minnesota, Indiana, Georgia, and West Virginia, to finance clearing debris from clogged waterways, restoring vegetation, and stabilizing flood-damaged river banks.

## Natural Resources Conservation Service

### Backyard Campaign Brings Conservation Close to Home

Thanks to the Backyard Conservation Campaign, people across the Nation are discovering that healthier natural resources can start very close to home. Unveiled by Secretary Glickman on Earth Day, April 22, 1998, the campaign continues to generate an avalanche of interest. So far, nearly 300,000 copies of the Backyard Conservation booklet have been distributed, and more than 30,000 requests for campaign information packet have been received. Local and national media interest continues to grow. Free air time is valued at more than \$800,000 for the campaign's television public service announcement, and more than \$250,000 for the radio announcement. The campaign has brought a 600-percent increase in recruitment for the Natural Resources Conservation Service's Earth Team Volunteer Program. The Backyard Conservation Campaign is a cooperative project of NRCS, the National Association of Conservation Districts, and the Wildlife Habitat Council.

### **Backyard Conservation Campaign Video a Healthy Influence at Hospital**

A video produced for the Backyard Conservation Campaign is bringing brighter days and bright ideas to patients and visitors at St. Vincent Hospital in Indianapolis, Indiana. The hospital's media services staff broadcasts the 9-minute tape 12 times every day over the hospital's patient channel. The staff reports that patients and visitors are comforted by the video's positive message and entertained by its colorful images. The hospital averages 700 patients at a time, with hundreds of visitors each day. That's healthy exposure for backyard conservation.

### **Secretary Glickman Announces 25 New RC&D Areas**

In March, Agriculture Secretary Dan Glickman announced that 25 areas in 18 States became eligible for USDA's Resource Conservation and Development (RC&D) Program. The addition brings the total of RC&D areas to 315. RC&D, which is administered by NRCS, offers USDA technical and financial assistance for conservation and water management projects and expansion of economic, cultural, and recreational

opportunities. Secretary Glickman also announced the expansion of six existing RC&D areas.

### **NRCS Helps Farmers in Guam "Go on the Record"**

NRCS reports that some limited-resource farmers in Guam have difficulties receiving Environmental Quality Incentives Program (EQIP) benefits because recordkeeping is not part of their culture. To turn this situation around, NRCS entered into an EQIP educational assistance contract with the University of Guam, which includes workshops and one-on-one assistance on recordkeeping. This action has increased the effectiveness of EQIP.

### **NRCS Responds to Water Emergency in Pohnpei**

The NRCS' Pacific Basin office reports that a drought caused by El Niño forced the declaration of a water shortage emergency in the Federated States of Micronesia. Governor Del S. Pangelinon called for the protection of streams and underground water sources from animal and human wastes and nonbiodegradable products. In response to the declaration, NRCS conservationists translated water management information materials into local languages. NRCS also advised people on proper waste disposal and the need to boil drinking water to prevent hepatitis and other diseases.

### **NRCS, Partners Assist Drought-Affected Farmers**

In Central Texas, NRCS and the Texas Department of Agriculture held workshops with farmers and ranchers to provide them with information about how USDA can help them cope with drought conditions.

Workshop topics included planting and managing winter pastures, selling cattle and buying hay, farm programs, and emergency loans. NRCS in the Dallas/Fort Worth area advised the public about how drought increases the possibilities and dangers of

### **Elkhorn Slough Watershed Project Team Wins Hammer Award**

Elkhorn Slough Watershed Project Team in California worked cooperatively with local Hispanic growers to develop and apply innovative conservation technologies and delivery methods adapted to the growers' cultural and economic differences. An average of 33 tons of soil per acre was lost from the fields each year, and as much as 145 tons per acre were lost during wet years. The pesticides in this soil are likely responsible for the water quality problems in the Elkhorn Slough National Estuarine Reserve. A technical assistance team worked with the local Hispanic growers to find the common ground between their

wildfire.

## **EQIP-Funded Effort Reducing Soil Erosion, Fertilizer Use**

needs and cultural issues and the natural resource objectives of the local Resource Conservation District and the Natural Resources Conservation Service.

With funding from EQIP, the city of Syracuse, New York, is improving water quality in the Skaneateles Lake Watershed. Farmers are developing nutrient management plans that include conservation buffers and minimize nutrient use. Eighty percent of the farms—48 out of 60—are participating in the effort. These farms hold more than 90 percent of the agricultural land in the watershed. On 16 farms, the annual rate of erosion has been reduced by more than 2,000 tons. Fourteen farms have saved an average of \$1,000 in fertilizer costs. On 11 farms, livestock no longer have access to waterways.

## **NRCS, Partners Add Practices, Personnel To Protect Neuse River**

NRCS and the North Carolina Division of Soil and Water Conservation accelerated the establishment of best management practices that address the pollution problems of the Neuse River, the waterway in which the bacteria *Pfiesteria* was discovered. NRCS added two positions and is sharing the cost of 10 district positions.

### **Wood Products End Use Team Wins Hammer Award**

The last major end use survey of wood products conducted by the Forest Service alone took two Forest Service researchers and many student assistants more than 3 years to complete and cost well over \$100,000. Today the Forest Service, the Engineered Wood Association, and the Wood Products Promotion Council work together to find out how people are using solid wood products. The surveys are directed and conducted by industry, with the Forest Service giving general advice on survey design and helping to analyze data. In the last 8 years, this unique collaboration has saved taxpayers more than \$400,000.

## **NRCS Accelerates Outreach to Native Americans**

NRCS continues its commitment to increasing its services to Native Americans. The following are examples of this outreach:

**Colorado:** NRCS assigned two tribal outreach specialists to work with the Ute Mountain Ute and Southern Ute tribes. NRCS has offices at each tribe's headquarters and works directly with producers and the tribes' agricultural and natural resources

departments.

**Montana:** NRCS held meetings to provide tribal representatives with overviews of USDA programs, the NRCS planning process, and the roles of tribal representatives on the State Technical Committee.

**South Dakota:** NRCS gave the Standing Rock Tribal Conservation District an overview of assistance available from USDA. NRCS also developed a cultural resource agreement with the Tribal Historic Preservation Office to help members of the tribe plan conservation practices.

**North Dakota:** Eight listening forums sponsored by American Indian communities established a dialogue between USDA and the communities.

**Arizona:** Thanks to an unprecedented agreement with the Navajo Nation Historic Preservation Department, NRCS employees in Arizona are conducting archeological clearances prior to beginning conservation projects

on some of the most culturally significant and well-preserved archeological sites in the world.

**Wyoming:** NRCS and the State's Food and Agriculture Committee met with the Shoshone-Arapaho Joint Business Council to discuss services of the USDA Service Center and Department programs available to the Wind River Indian Reservation.

**Minnesota:** NRCS and the Fond du Lac Tribal and Community College in Cloquet established the Center of Excellence for Map Compilation. Students learn about soil science, soil surveys, aerial photo interpretation, remote-sensing fundamentals, and geographic information systems.

### **NRCS, Partners Restore Streambank Near Geriatric Center**

In Upper Providence Township, NRCS in Pennsylvania and its State and local partners restored an 800-foot section of streambank along a tributary of the Schuylkill River on property near a geriatric center. The NRCS-designed project protects the streambank from erosion, which in turn prevents silt from eroding into the tributary. Working with NRCS were volunteer environmentalists, county inmates in an early release work program, county park personnel, county planners, and workers from State and local conservation agencies.

### **Conservation Measures, NRCS Efforts, Prevent Flood Damage**

Storms in southwest Iowa severely eroded nearly 350,000 acres of cropland. Despite these losses, NRCS reports that fields protected by agency-recommended practices such as no-till farming, contour buffer strips, grassed waterways, field borders, and terraces suffered minimal sheet and rill erosion. In the town of Hamburg, a restored wetland prevented flooding. In Iowa County, wetland areas restored through NRCS' Emergency Watershed Protection (EWP) Program prevented the flooding of 12,000 acres of cropland.

### **NRCS Funds Repair of Critical Access Road**

Near Buffalo, Wyoming, an access road needed for emergency services and the livestock industry was repaired with nearly \$240,000 in funds from EWP. State congressional delegates supported and assisted local people in finding funding for this project.

### **Hydrants Installed Through RC&D Program Cool Fire Insurance Costs**

A study by NRCS of the RC&D Program in Louisiana found that fire protection measures installed through the program reduce rural homeowners' fire insurance rates by approximately \$137 per year. NRCS attributes the decrease to more than 2,000 dry fire hydrants installed through the program.

#### **NRCS' PLANTS Website Wins Awards From Media, Secretary Glickman**

The NRCS' PLANTS database on the World Wide Web received the Information Technology Award for Excellence from Government Computer News. The site also was named "Incredibly Useful Site of the Day" for July 7 by the MSNBC Network, which is owned by Microsoft and the National Broadcasting System. Secretary Glickman awarded the website the 52nd Annual Secretary's 1998 Group Achievement Award commending its commitment to "one-stop shopping" and reinvention of government, and to addressing environmental concerns and providing high-quality natural resources information. PLANTS provides a single source of basic information about North American flora.

## **“SWAT” Team Protects Natural Resources**

In Cobb County, Georgia, homeowners formed a “SWAT” team to prevent soil erosion and encourage the use of landscaping techniques that protect natural resources. “SWAT” is an acronym for “soil, water, air, and trees.” Team members must first join the NRCS Earth Team Volunteer Program to learn the basics of community conservation. NRCS Marietta Field Office provides the team with training and technical assistance.

## **NRCS Office Excels, Earns Awards, Recognition From Secretary Glickman**

For “performing its work with enthusiasm and competence far beyond most citizens’ expectations of a government agency,” the Baldwin County NRCS office in Bay Minette, Alabama, was named Government Agency of the Year by the county’s Environmental Advisory Board. The board praised NRCS Baldwin County for helping schools develop and build wetland study areas and an outdoor learning center. The office also worked with local conservation groups to develop a flood protection plan for a 200-square-mile watershed. Secretary Glickman cited NRCS Baldwin County for demonstrating the effectiveness of locally led conservation efforts and for its commitment to “going the extra mile to serve its customers.”

## **NRCS, Partners Team Up To Teach Businesses About Woodland Erosion**

A woodland erosion control curriculum developed and implemented by NRCS in Louisiana with Boise Cascade and the Louisiana Forestry Association will have positive impacts on more than 3 million acres of industrial forest land and nearly 9 million acres of non-industrial forest land. NRCS reports that hundreds of contractors, loggers, foresters, and others have participated in education sessions based on the curriculum. Sponsors for these sessions include International Paper Company, Georgia Pacific, Weyerhaeuser, and Willamette Industries.

### **Virginians Off To See the “Wizard,” Thanks to NRCS, Partners**

Visitors to the Virginia State Fair saw the first exhibition of the “Water Wizard,” a water quality education van. Donated by NRCS, the renovated cargo van contains watershed and groundwater models, videos, and interactive exhibits. The Chesapeake Bay Program, the State’s Department of Environmental Quality and Department of Conservation and Recreation, and Virginia’s Coastal Program fund the “Wizard.” To give the “Wizard” maximum exposure throughout the State, it is rotated among Virginia’s six 4-H Club centers.

### **Demand Growing for NRCS Plant Materials in Garden State**

In New Jersey, demands for NRCS plant materials are exceeding supplies. To meet the demands, NRCS is reaching out to farmers to encourage them to grow conservation plants for commercial production. NRCS conservation plants and bioengineering assistance are protecting shorelines and preventing erosion along the Atlantic Ocean, bays and streambanks, and rivers and lakes.

## **New NRCS Information Series Shows “How-To’s” of Effective Customer Service**

The NRCS and its partners in conservation are working more effectively with people and communities, thanks to an information series produced by the agency’s Social Sciences Institute. The series features 11 publications

that help NRCS and its partners communicate to their customers the benefits of conservation and how to deal with situations that can occur while doing customer service. Copies of the publications were distributed to all NRCS State and field offices and are available on NRCS' home page on the World Wide Web.

### **3. Feeding More Children and Families**

#### **Food and Nutrition Service**

##### **Mission**

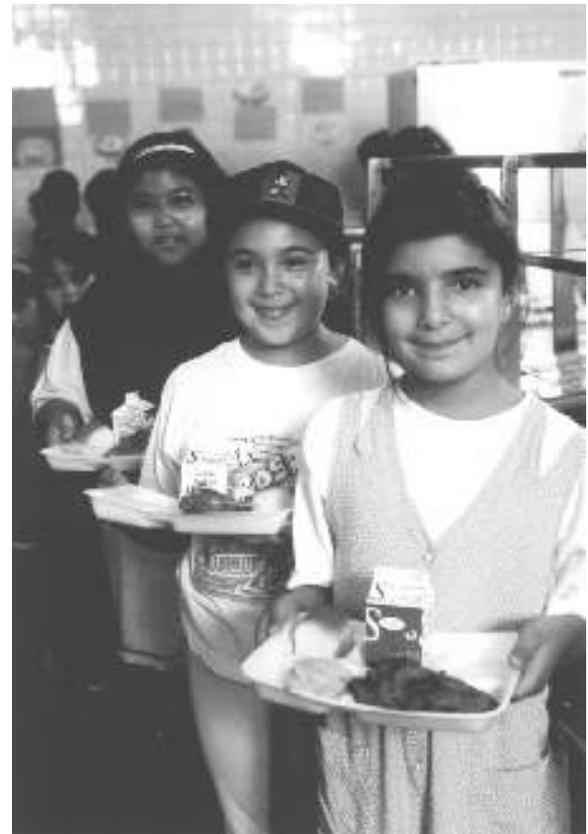
The Food and Nutrition Service (FNS) reduces hunger and food insecurity in partnership with cooperating organizations by providing children and needy families access to food, a healthful diet, and nutrition education in a manner that supports American agriculture and inspires public confidence.

##### **Millions of Americans Receive Nutrition Benefits Through FNS Programs**

Sheer numbers attest to the impact of FNS programs on people: In FY 1998, about \$17 billion in food benefits was provided to an average of nearly 20 million people each month through the Food Stamp Program (FSP); more than 5 billion (yes, billion) nutritious meals were served by the National School Lunch and School Breakfast Programs to more than 27 million children each day, over 60 percent of them free or at reduced price; and more than \$2 billion in nutritious supplemental food was provided to 7.4 million women, infants, and children every month through the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

##### **Passage of the WIC-Child Nutrition Reauthorization Legislation, Public Law 105-336**

The passage of Public Law 105-336 represents the most significant expansion of child nutrition programs in decades, and the first reauthorization legislation proposed by the Executive Branch in more than 20 years. Signed by President Clinton on October 31, 1998, Public Law 105-336 expands children's access to nutrition assistance and improves program operation, management, integrity, and safety. Public Law 105-336 will allow youths aged 13 to 18 to receive nutritious snacks in after-school care programs, providing a strong incentive to draw low-income, at-risk youths into safe, constructive after-school activities. Expansion of availability of nutritious meals and snacks to older children is expected to draw 1 million children a day into after-school programs.



##### **Outreach for Children's Health Insurance**

By a simple check-off on their applications for free and reduced-price school meals, low-income parents will be able to receive information about health benefits through Medicaid or CHIP—the Children’s Health Insurance Program—created under the Balanced Budget Act of 1997. More than 15 million children in the United States qualify for free or reduced-price meals through the school programs. Many of those children are also eligible for one of the insurance programs. The insurance check-off is meant to reach parents of the 10 million American children who currently are not covered, including 4.7 million who are eligible for Medicaid but are not enrolled.

## Gleaning Remains a Priority

FNS in July provided grants to 13 school districts around the country to help them find ways to increase their food donations to needy people. FNS also worked with the National Restaurant Association to publish a food recovery guide for restaurants, and coordinated efforts of other Federal agencies to facilitate food donations. All of these efforts contribute to USDA’s goal of increasing food recovery by 33 percent.

### USDA Helps Storm Victims

Following the April 18, 1998, tornado that hit Birmingham, Alabama, USDA approved a modified food stamp program for Jefferson County, Alabama, providing assistance to individuals whose homes were destroyed or damaged.

## Implementing Welfare Reform

FNS has been active on a number of fronts to help States implement the 1996 welfare reform law, and subsequent legislation that modified the 1996 law:



*Residents of public housing in the South Side of Chicago, Illinois, work on a community vegetable garden.*

Some 225,000 immigrants who lost food stamp benefits under the welfare reform law had those benefits restored as of November 1 because of FNS’s work with the Administration on the agricultural research bill, which passed in May 1998. FNS also developed guidance for States on implementation and bilingual informational material for immigrants.

Prior to passage of the benefits restoration, FNS provided technical support for 13 States to establish State-funded food stamp programs to provide benefits to more than 170,000

of the most vulnerable of those who lost their Federal benefits.

## Improving Management of the Food Stamp Program

September 1998 marked a major milestone in the development of Electronic Benefit Transfer (EBT) nationwide: more than 50 percent of all food stamp benefits issued are now issued through EBT systems. Today, 36 States and the District of Columbia are operating EBT systems, up from 25 a year ago. Twenty-nine of these States are now using EBT statewide, while only 16 were statewide at this time last year.

### **Food Recovery in Illinois**

USDA officials in Illinois and the Illinois Council of Churches co-hosted a gleaning and food recovery workshop June 26 in Springfield, Illinois, to help interested groups learn needed skills and share information. Topics included "How to start a gleaning or food recovery project," "What works—what doesn't," and "Getting the community involved." It also included sessions on farmers markets, transportation issues, and interstate partnership possibilities.

Continuing its commitment to fighting fraud, FNS implemented tough new integrity provisions for food stamp retailers, including pre-authorization screening, tougher post-authorization controls, and stiffer penalties for violators. During FY 1998, the Food Stamp Program investigated 5,178 retailers, and fined or disqualified 1,201 for program violations. Of those, 719 retailers, with redemptions of \$49.5 million, were identified as having engaged in trafficking (the exchange of food stamps for cash).

Continuing its series of "compliance sweeps," the Food Stamp Program Compliance Branch in April 1998 mounted a 3-week intensive nationwide effort, dubbed "Operation Spring Clean," that focused on seven areas of the country. In all, 717 food stamp retailers were investigated in the seven sweep areas; 115 were caught trafficking and were immediately removed from the program pending further investigation. Immediate removal from the program in trafficking cases was among the new authorities granted to FNS under the welfare reform law. A total of 290 retailers were caught in program violations of all kinds.

### **WIC Farmers' Market Nutrition Program Gets Funding Increase**

Funding for the Farmers' Market Nutrition Program was increased to \$12 million in 1998, an increase of \$5.25 million from last year, allowing the program to expand in current States and into five more State WIC agencies, bringing the total to 32 States, the District of Columbia, and two Indian tribal organizations. More than 1 million WIC participants currently receive farmers' market benefits to purchase fresh foods from over 8,200 farmers nationwide.

### **Breastfeeding Promotion**

More than 50 WIC State agencies are now participating in USDA's national breastfeeding promotion effort, the "Loving Support Makes Breastfeeding Work" campaign kicked off by Secretary Glickman in 1997. Promotional materials geared to various ethnic groups, TV and radio spots in English and Spanish, and banners and other promotional items are available for purchase by WIC State agencies, the medical and health community, and the public to educate not only mothers but the entire community about breastfeeding.

### **Improving Child Nutrition**

In the autumn of 1998, FNS introduced "yourSELF," a nutrition education kit aimed at middle school-age

children. This represents a major expansion of the nutrition education initiative, which has been focused heretofore on elementary-age children. Introduction of “yourSELF” will increase the number of healthy-eating messages children receive.

### **FDPIR Food Package Improvements**

People participating in USDA’s Food Distribution Program on Indian Reservations (FDPIR) began receiving a better, more healthful food package in 1998. Working with Native American tribal leaders, FNS developed a food package with more variety and choices without increasing the cost. Changes include more “user-friendly” products, such as frozen, cut-up chicken and sliced cheese rather than blocks. More low-fat and high-fiber products are included, such as bran cereal and low-fat refried beans. Other new products include egg noodles, quick oats, and more fruits and vegetables.

### **Memorandum of Understanding With HUD for Co-Location of Programs**

People in federally supported housing developments will have better access to USDA’s nutrition, education, and child care programs because of a pilot program announced in May by Agriculture Secretary Dan Glickman and Housing and Urban Development (HUD) Secretary Andrew Cuomo. At pilot program sites in eight cities, USDA nutrition programs such as food stamps, WIC, child care, summer food service, and education programs offered through USDA’s Cooperative State Research, Education, and Extension Service will be available to residents through offices located in their housing complex.

## **Center for Nutrition Policy and Promotion**

### **Mission**

The mission of the Center for Nutrition Policy and Promotion (CNPP) is to improve the nutritional status of Americans by serving as the focal point within USDA for linking scientific research to the consumer. CNPP provides direction and coordination for USDA’s nutrition education and policy activities. The center helps enhance the nutritional status of Americans by serving as the focal point for the Department in translating nutrition research into information materials to increase public understanding of the importance of good nutrition and a healthful diet.

### **Dietary Guidelines for the 21st Century**

### **Hammer Award Goes to South Carolina Combined Application Project (SCCAP)**

Working together, employees in the Social Security Administration (SSA) and FNS in South Carolina improved the way they deliver food assistance to elderly and disabled individuals. Eligible applicants may apply for food stamps jointly with supplemental security income (SSI) at the Social Security office. SSA determines FSP eligibility at the same time it determines eligibility for SSI. In the past, SSA employees completed a paper food stamp application (usually 8 to 11 pages) and sent it to the food stamp office for the State to process. But they no longer use a long paper form. This team developed a one-stop computer-based, online program, which eliminates two interviews and the need to visit several offices.

So far, SCCAP has brought in approximately 840 new SSI/FSP recipients each year of the demonstration, and outreach efforts have brought in over 8,500 new FSP cases. The project has also allowed the States to reallocate the equivalent of 40 full-time caseworkers—a savings of over \$700,000.

CNPP launched the Year 2000 update of the Dietary Guidelines for Americans with the first public meeting of the Dietary Guidelines Advisory Committee in September 1998. Every 5 years, the advisory committee, composed of experts in the fields of nutrition and health, meets to review the current dietary guidelines. During the review, the latest scientific evidence is considered in determining whether to recommend to the Secretaries of Agriculture and Health and Human Services that the guidelines be modified.

### **The Cost of Raising a Child in America**

This CNPP report, published annually, outlines the cost of raising a child to age 18. As in years past, this year's report received a great deal of attention in the news media, including a March 1998 cover story in U.S. News and World Report. Issuing the report from CNPP helps to solidify CNPP's standing as the government's best source of information on nutrition, health, and family economics.

### **The Healthy Eating Index: A Report Card on the American Diet**

In July, CNPP issued its "report card on the American diet," the Healthy Eating Index (HEI). The 1998 index showed that Americans in general are eating better—nutritionally speaking—than in past years, with the average HEI score rising about 2 points to 64 (still in the "needs improvement" range). USDA is using the demographic results of the HEI survey to target nutritionally at-risk populations with nutrition education programs through the FNS' food assistance programs. CNPP will continue to analyze the results of food intake studies conducted by USDA's Agricultural Research Service, publicizing the results and raising awareness among the general public of the importance of a healthy diet.

## **4. Raising Consumers' Confidence in Food Safety**

### **Food Safety and Inspection Service**

#### **Mission**

The Food Safety and Inspection Service (FSIS), a public health agency in USDA, protects consumers by ensuring that the Nation's commercial supply of meat, poultry, and egg products is safe, wholesome, and accurately labeled, as required by the Federal Meat Inspection Act (FMIA), the Poultry Products Inspection Act (PPIA), and the Egg Products Inspection Act (EPIA).

FSIS inspects livestock and poultry before and after slaughter, and also regulates all raw beef, pork, lamb, chicken, and turkey, as well as processed meat and poultry and egg products prepared for distribution in interstate and foreign commerce, including imported products. More than 7,500 Federal inspectors carry out inspection laws in over 6,000 plants.

Foodborne illness is recognized as a significant public health problem in the United States. FSIS develops new methods of inspection to better protect the public health. It tracks new and emerging public health problems related to food safety. And it responds to microbiological, residue, and other contamination incidents and, when appropriate, seeks voluntary recall of products by firms.

FSIS continues to carry out a broad and long-term, science-based strategy to improve the safety of meat, poultry, and egg products and to better protect public health. The agency is undertaking a farm-to-table approach by taking steps to improve the safety of meat and poultry at each step in the food production, processing, distribution, and marketing chain. These steps are designed to focus more attention on the risk of microbial contamination, the Nation's most significant food safety problem.

### **Accomplishment Highlights, FY 1998**

#### **HACCP Implementation Successful**

On January 26, 1998, more than 300 large meat and poultry plants (those with 500 or more employees) were required to have Hazard Analysis and Critical Control Points (HACCP) systems in place. Large plants account for approximately 75 percent of slaughter production.

#### **FSIS Initiated an Aggressive Outreach Program To Assist Small Plants With HACCP Implementation**

FSIS efforts to assist small plants (defined as having 10 or more employees, but fewer than 500) include three initiatives. The first is working with a HACCP coordinator in each State to bring together resources for that State. Second, FSIS is encouraging land-grant universities that conduct livestock or poultry slaughter or processing operations to develop HACCP systems for their operations and to serve as sources of information for small plants. And third, industry and trade association personnel, extension agents, and other appropriate people are strongly encouraged to act as "sponsors" to small plants by offering technical information on HACCP systems.

#### **USDA Works With Small Plants To Facilitate HACCP Implementation**

On May 7, USDA food safety officials met with owners and managers of small plants preparing for the HACCP implementation date of January 25, 1999, to discuss additional ways of ensuring that small plants receive the assistance they need to make the transition to HACCP.

#### **Nationwide Series of 20 Public Meetings To Help Small Plants**

FSIS held the first 2 of a series of 20 public meetings across the country on HACCP implementation for small plants. The purpose of these meetings is to discuss ways to help owners and managers of small plants prepare for the January 25, 1999, HACCP implementation date.

#### **Technical Service Center Operates HACCP Hotline**

Since its beginning on January 20, 1998, the HACCP Hotline has handled over 10,000 inquiries, contributing to the successful implementation of HACCP during this critical time.

#### **Risk Assessments**

FSIS initiated the first farm-to-table quantitative risk assessment for *Salmonella enteritidis* in eggs and egg products. Results were presented at a June 12, 1998, risk forum sponsored by USDA's Office of Risk Assessment and Cost-Benefit Analysis. A risk assessment is also underway for *E. coli* O157:H7 in meat.

#### **FSIS Issues Rule on Requirement for Shell Eggs**

At the direction of Congress, FSIS published a final rule on new regulations implementing requirements for refrigeration and labeling of shell eggs. The rule implements 1991 amendments to the Egg Products Inspection

Act.

### **Encouraging Results in First 6 Months of Testing for *Salmonella* in Large Meat and Poultry Plants**

FSIS released a progress report on the first 6 months of testing for *Salmonella* in large meat and poultry plants. Because the data is preliminary, FSIS is taking a conservative approach in interpreting and presenting the data; however, there is a general trend toward lower percentages of products that are positive for *Salmonella*.

### **Risk Analysis on BSE To Be Done by Harvard School of Public Health**

USDA entered into a cooperative agreement with Harvard University's School of Public Health to conduct a risk analysis to assess the potential pathways for bovine spongiform encephalopathy (BSE) to enter into U.S. cattle and the U.S. food supply, to evaluate existing regulations and policies, and to identify any additional measures that could be taken to protect human and animal health.

#### **Public Meeting on the Browning of Ground Beef**

On May 27, USDA held a public meeting to discuss the food safety issues presented by premature browning of ground beef, during which USDA released results of a new study on the premature browning of cooked hamburger that concluded that color is not a good indicator that a hamburger has been cooked to 160 degrees F, USDA's recommended safe level.

#### **Meat and Poultry Hotline**

The hotline received 164,575 calls during FY 1998. Hotline specialists spoke with approximately 38,621 of those callers during business hours, recording data that were used for trend analysis. In addition to basic food handling, storage, and preparation questions, the hotline addressed the latest issues: BSE; product recalls; *E. coli* O157:H7 testing; premature browning

of ground beef; transportation and storage of shell eggs; HACCP implementation; campylobacter, *Salmonella* and poultry; irradiation; and organic labeling.

One of the year's highlights was the November 25 visit by Secretary of Agriculture Dan Glickman. Secretary Glickman personally answered several hotline calls. The event generated interest in the hotline among the reporters in attendance, and crews from both NBC and CNN returned subsequently for filming and interviews.

### **Science-Based Advice for Consumers Cooking Ground Beef**

Research by FSIS and ARS supported the hypothesis that the color of a cooked hamburger is not a reliable indicator that a safe internal temperature has been reached. FSIS was instrumental in devising the study protocol and presenting the findings and implications for consumer education through several public meetings. To convey the message to consumers that safety is signified by a reading of 160 degrees F. on a thermometer, FSIS, the Office of the Secretary, the Office of the Under Secretary for Food Safety, and the White House worked together to plan an event featuring Vice President Gore and Secretary Glickman—a July 2 barbecue held on the Jamie L. Whitten Federal building lawn.

### **Partnership for Food Safety Education Fight BAC!<sup>TM</sup>**

As a founding member of the private-public partnership, FSIS was in the forefront of the campaign to instill the four key messages of the Fight BAC!<sup>TM</sup> campaign in the mind of every American. FSIS managed several campaign initiatives during the year. These include placement of the Fight BAC!<sup>TM</sup> brochure at the Consumer Information Center (CIC) in Pueblo, Colorado; an estimated 50,000 copies have been distributed through CIC.

The agency also managed requests for the Fight BAC!<sup>TM</sup> costume, exhibit, and puppets at locations nationwide. A Food Safety Education Month poster—developed in cooperation with the American School Food Service Association and the Food and Drug Administration (FDA)—was distributed to 53,000 elementary school cafeterias. Finally, FSIS reviewed proposals to produce an educational package for middle-school students; the firm has been selected and work has begun.

### **Safe Summer Grilling**

On July 2, Secretary Glickman and Vice President Al Gore led a safe summer grilling food safety event on the grounds of USDA headquarters. The Secretary and FSIS food safety experts had a cookout that emphasized why clusters of serious illness can be associated with meat contaminated through poor food handling and grilling techniques. They emphasized the importance of avoiding undercooking, using a thermometer to test doneness, and the critical need to keep food and cooking tools clean and free of cross-contamination.

### **National Food Safety Information Network**

The President's National Food Safety Initiative directed agencies to establish a national clearinghouse for food safety education. FSIS worked with FDA to develop a proposal for this "clearinghouse," which is currently referred to as the National Food Safety Information Network. One of the Network's components was put into place in FY 1998 when government food safety sites on the World Wide Web were linked to help web users more easily find government information on food safety. The URL is <http://www.foodsafety.gov/>

### **Food Safety Enforcement Enhancement Act of 1998**

This bill was developed by the Secretary and forwarded to Congress to amend the Federal Meat Inspection Act and the Poultry Products Inspection Act to provide for improved public health and food safety through enhanced enforcement.

### **President's Executive Order Creates Food Safety Council**

An Executive Order signed by President Clinton on August 25, 1998, established the President's Council on Food Safety. The primary functions of the Council will be to develop a comprehensive strategic Federal food safety plan; advise agencies of priority areas for investment in food safety, ensure that Federal agencies annually develop coordinated food safety budgets; and oversee the recently established Joint Institute for Food Safety Research, ensuring that it addresses the highest priority research needs. The Secretaries of the Departments of Agriculture and Health and Human Services and the Assistant to the President for Science and Technology/Director of the Office of Science and Technology will serve as Joint Chairs of the Council.

### **EdNet**

EdNet, the National Food Safety Educator's Network, is an electronic network for food safety educators. It is intended as a one-way direct mail food safety education update from the FDA, USDA, and the Centers for Disease Control (CDC).

### **FSIS Makes Report to Congress Available**

FoodNet: An Active Surveillance System for Bacterial Foodborne Disease in the United States, April 1998, is a report generated by the collaborative project among FSIS, CDC, and FDA; it includes data on the incidence of foodborne illness for calendar year 1997.

### **HACCP-Base Inspection Models Project**

FSIS is designing new models for inspection within plants that slaughter three specific classes of animals to define what the agency and the regulated industry should do when those plants are operating under HACCP. With inspectors in these slaughter plants no longer carrying out activities that should be the plant's

responsibility, FSIS could better focus on public health concerns and further implement its farm-to-table strategy.

### **New Computer Network To Fight Foodborne Illness Launched**

On May 22, 1998, Vice President Gore announced a new national computer network called PulseNet that will be five times faster in identifying foodborne illness. PulseNet will enable public health laboratories throughout the country to use the Internet to provide alerts when outbreaks of foodborne disease occur.

## **5. Creating Jobs and Revitalizing the Economy in Rural Areas**

### **Rural Development Mission**

The mission of Rural Development is to enhance the ability of rural communities to develop, to grow, and to improve their quality of life by targeting financial and technical resources in areas of greatest need through activities of greatest potential.

### **Program Summaries**

The following is a summary of the number of loans and grants made by each program in USDA's Rural Development mission and of the economic benefits provided by each:

### **Single-Family Housing**

#### **Direct Rural Housing Loan Program (Section 502 direct)**

This program offers low-interest homeownership loans to rural America's working people. Approximately 40 percent of the people it serves earn less than 50 percent of the median income of the rural area in which they live; the remainder earn between 50 and 80 percent. In FY 98, the program obligated \$999.8 million to enable approximately 17,200 families to become homeowners.

#### **Hero of Ice Storm Named Maine Multi-Family Housing Site Manager of the Year**

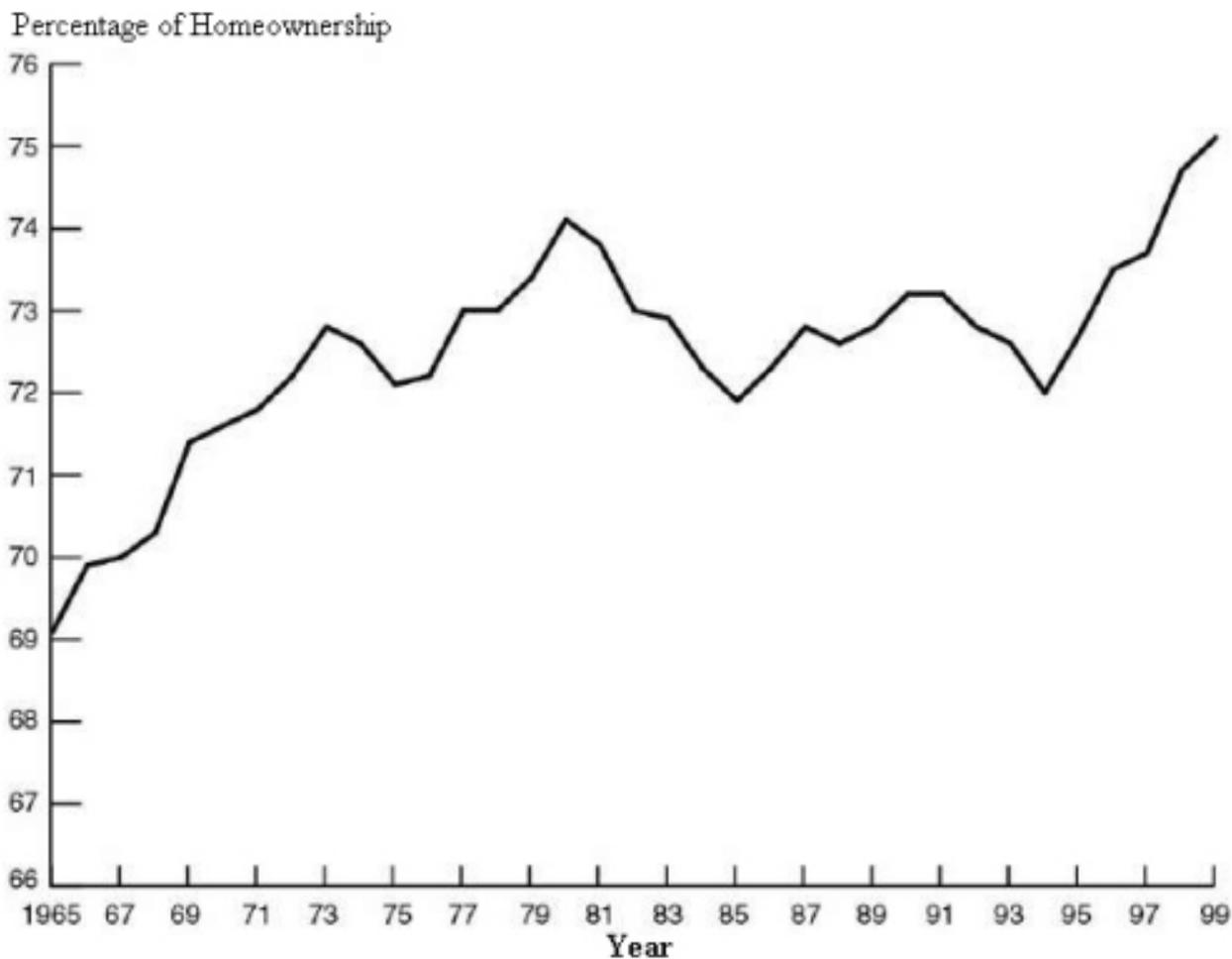
A former tenant of the RHS rural rental housing-financed apartment complex called Stonington Manor in Maine, Eric Hoard is now its manager. During the January 1998 ice storm, Mr. Hoard brought wood from his own home for a community room stove and used his own resources to arrange for a barbecue on a gas grill so residents in the all-electric complex would have heat and food while the housing was without power. In recognition for his efforts, Mr. Hoard has been named the USDA Maine Multi-Family Housing Site Manager of the Year for 1998. When asked what the best thing about his job is, Mr. Hoard says, "Working with the tenants."

#### **Mutual Self-Help Housing Program**

This program makes mortgage costs affordable to people with very low and low incomes by allowing them to contribute "sweat equity," which they earn by building their own homes. The program provides grants to nonprofit and municipal technical assistance providers, who supervise small groups of families in the construction of their own homes. The families typically finance their homes through USDA direct rural housing loans. In FY 1998, the Rural Housing Service (RHS) provided 117 grantees in 43 States with a total of \$26 million in technical assistance grants. In turn, the grantees supervised 1,520 families in the construction of

their own homes. The families received \$110.4 million in direct rural housing loans from USDA.

### Homeownership Rates for Rural Areas



Source: U.S. Census Bureau

*Home ownership rates for rural areas rose from 69.0 in 1965 to an all-time high of 74.7 in 1998.*

### Guaranteed Rural Housing Loan Program (Section 502 guarantee)

This program provides guaranteed loans of up to 90 percent to low- and moderate-income rural Americans who otherwise would not be able to obtain credit. It also allows borrowers to obtain loans for 100 percent of the appraised value of a house, thereby removing the downpayment barrier that prevents many people from becoming homeowners. In FY 1998, the program obligated \$2.8 billion to allow approximately 39,400 families to purchase homes.

### Rural Home Repair Loan and Grant Programs (Section 504)

These programs provide funds to help very low-income people undertake the vital improvements necessary to make their homes habitable. These include weatherizing the homes, removing electrical and fire hazards, repairing roofing, and installing or improving water and waste-water disposal systems. The grant program serves people ages 62 and up, while the loan program is open to all very low-income rural people. In FY 1998, the home repair loan and grant programs obligated \$54.4 million to allow approximately 11,100 families to make vital improvements to make their homes safe and liveable.

### **RHS Community Facilities Program Helps Rural New York Teen Chemical Dependency Treatment Center To Double Its Capacity**

The Rose Hill Foundation, Inc., in Massena, New York, is a unique, freestanding chemical dependency treatment center devoted to adolescents, ages 12-18. Not only does it provide treatment to help chemically dependent teens overcome their addictions, but it also offers post-rehabilitation treatment counseling, which has been completed by 89 percent of its patients. The treatment center has been in existence for 10 years and has served 900 adolescents. Approximately 50 percent of its patient base is homeless.

In April 1998, the facility received an RHS Community Facilities direct loan of \$700,000, an \$855,000 grant from the Office of Temporary and Disability Assistance Homeless Housing Program, and a \$50,000 grant from the New York State Community Facilities Enhancement Fund. Through these funds, Rose Hill will be able to double its bed capacity from 15 to 30. Four beds will be designated for adolescent parents, their children, and pregnant teens. In addition, Rose Hill will be able to double the number of people it serves each year, going from 100 customers to 200. Rose Hill makes its unique and vital services available to the entire State of New York.

### **Economic benefits provided by Single-Family programs**

Together, Single-Family housing programs provided 83,183 full-time jobs in construction and construction-related industries, \$1.3 billion in wages, and \$700.9 million in combined Federal, State, and local revenues and fees.

*Total number of homes financed: 56,500*

*Total number of homes rehabilitated: 11,100*

*Total financing provided: \$3.98 billion*

## **Multi-Family Housing**

### **Rural Rental Housing Direct Loan Program (Section 515)**

This program makes low-interest loans to developers of affordable rural rental housing. In 1998, RHS obligated \$93.7 million toward construction of 122 new rental complexes providing approximately 2,400 units. It also obligated \$56.3 million toward the repair and rehabilitation of existing units in 228 rural rental facilities.

### **Farm Labor Housing Loan and Grant Program (Section 514/516)**

The only national source for farm labor housing construction funds, this program provides low-interest loans and grants to developers of affordable rural rental housing for farmworkers, who are among the most poorly housed people in the country. These developers may be public or nonprofit agencies or farmers. In 1998, the program obligated \$27.1 million to build 419 new units and rehabilitate seven rental complexes.

### **Rental Assistance Program (Section 521)**

This program makes rents in USDA rural rental housing and farm labor housing affordable to the tenants. In FY 1998, RHS provided over \$540 million in rental assistance to more than 39,000 tenants.

### **Rural Rental Housing Guaranteed Loan Program (Section 538)**

This program guarantees loans for developers of affordable rental housing. In FY 1998, the Section 538 program approved loan guarantees worth \$39.7 million to build 28 rural rental housing developments

### **RHS Teams Up with Partners To Help Kentucky Couple Move From Log Cabin to New Home**

In 1998, Rayburn and Sarah Watson contacted Kentucky Rural Development seeking funds to repair their log cabin, built in 1866 and occupied continuously since then by family members. Rural Development determined that the house was beyond repair: the foundation was severely deteriorated, the home lacked running water and bathroom facilities, and the home was heated by a wood-burning cook stove and a gas heater. Rural Development teamed up with the Federation of Appalachian Housing Enterprises (FAHE) and Peoples Self Help Housing, Inc., to provide a leveraged USDA Section 502 direct rural housing loan to build Mr. and Mrs. Watson a new home. The Watsons are so pleased that they no longer have to carry water for

with a total of 1,110 apartments in 14 States.

### **Housing Preservation Grant Program (Section 533)**

This program provides grants to nonprofit organizations, Indian tribes, and Government agencies to bring up to code deteriorating single- and multi-family housing for very low- and low-income families. In 1998, the program provided \$11 million to 165 organizations to rehabilitate 2,975 houses and apartments.

cooking, washing dishes, and doing laundry; that they have a bathtub; that they have level floors and carpet; and that their house is warm and insulated. Mr. and Mrs. Watson appreciate the attention to detail and workmanship that they feel make their house such a beautiful home. Mrs. Watson states that "We also appreciate the forethought the builders displayed by always taking into consideration my height and physical shortcomings." Mr. and Mrs. Watson expressed their appreciation for the hard work of staffs of Rural Development, FAHE, and Peoples Self Help Housing.

### **Economic benefits provided by Multi-Family programs**

Together, Multi-Family housing programs provided 4,147 full-time jobs in construction and construction-related industries, \$136.8 million in wages, and \$72.4 million in combined Federal, State, and local revenues and fees.

*Total number of new apartments financed: 3,940*

*Total number of apartment buildings renovated: 235*

*Total number of single-family homes and/or apartments renovated: 2,975*

*Total financing provided: \$775.5 million*

#### **Business Loan Adds Jobs in Tennessee**

A \$400,000 Rural Business-Cooperative Service loan to the Meriwether Lewis Electric Cooperative in Centerville, Tennessee, will be re-loaned, interest free, to the Stewart Houston Industrial Park Board in Houston County to construct a 40,000-square-foot industrial building to house Southern Gage, Inc., producer of a full line of gauge products for industrial manufacturing processes. Southern Gage currently employs 70 people and expects to add 124 new jobs as the result of its \$1.8 million planned expansion. Over the past several years, Houston County has consistently experienced unemployment ranging 2 to 3 times higher than the national average. The new employment opportunities will have a dramatic effect on the economy of Houston County and neighboring Stewart County.

## **Community Facilities**

### **Community Facilities Direct Loan Program**

This program provides direct loans to rural communities for essential community facilities. These include child care centers, adult care centers, hospitals, clinics, schools, municipal buildings, and community centers, as well as emergency rescue equipment, among others. In 1998, the program obligated \$210.9 million to fund 423 projects.

### **Community Facilities Guaranteed Loan Program**

This program provides loan guarantees of up to 90 percent to rural communities to build essential community facilities. These include child care centers, adult care centers, hospitals, clinics, schools, municipal buildings, and community centers, as well as emergency rescue equipment, among others. In FY 98, the program obligated \$65.5 million to fund 69 projects.

### **Community Facilities Grant Program**

The grant program helps very low-income communities finance their facilities by reducing the amount of debt which must be incurred to acquire facilities. These facilities include child care centers, adult care centers, hospitals, clinics, schools, municipal buildings, and community centers, as well as emergency rescue equipment, among others. In 1998, the grant program obligated \$9.5 million in grants to help fund 267

projects.

### **Economic benefits provided by Community Facilities programs—**

Together, Community Facilities programs provided 9,911 full-time jobs in FY 1998.

*Total number of communities with new or improved essential community facilities: 422*

*Total financing provided: \$285.9 million*

### **Rural Business Programs Business and Industry Guaranteed Loan Program**

In a partnership with the Department of Treasury and the North American Development (NAD) Bank, the USDA Business and Industry Guaranteed Loan Program provided \$73 million in loans that created or saved over 2,000 jobs in areas impacted by NAFTA-related trade. The total cost to the Government was under \$500 per job.

### **Electric Program**

The Electric Program approved 74 loans for a total of \$539 million to Rural Utilities Service (RUS)

borrowers serving counties identified as persistent poverty counties. In addition, 72 loans for a total of \$286 million were approved for borrowers serving counties identified as having persistent outmigration. Based upon financial and statistical information provided by RUS borrowers, 2.7 million consumers benefited from electric system improvements that were made during FY 1998.

### **Telecommunications**

During FY 1998, the Telecommunications Program improved the information superhighway for rural America by making loans and loan guarantees of \$565 million for 53 rural telecommunications projects that provided improved service to more than 1.2 million rural residents, including new service to 225,000 residents. Improvements will include installation of \$94 million of new digital switching technology and nearly 7,000 miles of fiber optic cable and associated electronic equipment costing \$210 million. Some of these facilities will be used specifically to connect an additional 16 schools to distance learning systems. These and other system enhancements are making advanced telecommunications services available to more rural Americans than ever before. For every million dollars of loan funds spent by RUS/RTB (Rural Telephone Bank) borrowers, an additional \$4.7 million in private investments was spent by these borrowers on telecommunications facilities.

### **RUS Supports Distance Learning and Telemedicine**

RUS provided \$7.9 million in grants and \$2.6 million in loans for 35 distance learning projects and \$4.6

#### **Rural Development Program Purchases Equipment To Establish Tribal Business**

A Rural Business Enterprise Grant (RBEG) was approved for the Red Lake Band of Chippewa Indians (Tribe), Red Lake, Minnesota, in the amount of \$180,000, which will be used to acquire manufacturing equipment. The grant is a portion of the funding needed to complete the project. The tribe will own and lease a building and equipment to a tribal-owned manufacturer of window blinds and shades, Anderson Fabrics, Inc. The unemployment rate on the reservation is one of the highest in the State. This project brings together a number of Federal, State, and local resources to finance a multi-purpose facility to assist with the transition of tribal members from unemployment into a fully trained and educated work force. It is projected that 30 new jobs will be created.

million in grants and nearly \$1 million in loans for 25 telemedicine projects that will serve rural residents through educational centers and health care providers at approximately 300 separate sites. Eight of the awards will be used to assist people in Empowerment Zones and Enterprise Communities.

## Water and Environmental Programs

During FY 1998, the Water and Environmental Programs provided more than \$1.3 billion in loans and grants for over 1,200 rural water or wastewater projects that serve 9 million people, creating over 55,000 jobs.

### Water 2000

About 1 million residents of rural America lack safe, clean drinking water in their homes. RUS has been spearheading the Water 2000 initiative to provide this basic resource that most Americans take for granted. RUS conducted State-by-State need assessments and determined that 25 million rural residents experience

water-related health problems, are forced to haul water, or are under orders to boil water. In the first 3 years of this program, RUS invested more than \$735 million in loans and grants to the Nation's highest priority Water 2000 projects. The average median household income for the service areas is only \$18,662. Water 2000 funded 87 projects in 1998 to improve the drinking water systems serving over 77,000 households, to improve service to over 250,000 people, and to provide first-time public water to over 39,000.

### EC Funding Begins Flood Prevention Project in Missouri EC

In the past, residents in the East Prairie, Missouri, EC had to be evacuated when the river rose, flooding the 130,000-acre St. Johns Basin. Flood control measures, authorized in 1954, had continually been hampered by financial limitations. Now, thanks to funding from USDA and the Army Corps of Engineers, residents can rest easy.

EC designation "has been the enabling factor to get the project to move forward," says Eddie Belk, project manager of the Memphis District Corps of Engineers. The program enabled USDA to provide all but 5 percent of the local community's cost share for the first phase of this \$42.5 million project. This funding provided momentum for other sponsors.

## Program Accomplishments

### Community Facilities Program Finances More Child Care Centers Than Ever Before

The Community Facilities program has made financing child care centers a high priority. In FY 1998, the program provided \$13.1 million in loans, grants, and guarantees to fund 46 child care centers.

### Community Facilities Program Provides More Funding Than Ever Before for Indian Facilities

In FY 1998, the Community Facilities program provided 18 loans, grants, and guarantees worth \$14.2 million going to fund 14 projects on 14 Indian reservations. Projects included three child day care centers, one adult day care center, two social services centers, two college buildings, one outpatient care facility, one physician-staffed clinic, one city hall, one fire department, one community center, and one assisted-living facility.

## Rural Utilities Service and the Federal Energy Regulatory Commission

### **Rural Residents Receive High-Tech Hardware and New Skills in Ohio EC**

Through the President's Education Technology Program, USDA has made 72 computers (with an estimated value of \$10,000) available to Greater Portsmouth, Ohio, EC schools. The EC is dedicating an additional \$192,000 of its \$2.95 million EZ/EC Social Service Block Grant funds for in-service computer training for teachers. More support for this program is expected—Greater Portsmouth has learned that it is eligible for funding under a State program that helps low-income communities obtain computers.

RUS has continued to be actively involved in proceedings at FERC on matters affecting restructuring of the electric utility industry and RUS borrowers. FERC regulates wholesale electric power markets and interstate transmission of electricity by public utilities. RUS electric borrowers are not generally subject to FERC regulation. However, FERC's initiatives at opening up the Nation's transmission systems to promote robust competition among electric generators are increasingly bringing RUS borrowers before the Commission.

### **Community Facilities Programs at an All-Time High Number of Borrowers Current on Their Loans**

Fully 100 percent of Community Facilities direct loan program borrowers and 99 percent of Community Facilities guaranteed loan program borrowers are current on their loans. The Community Facilities programs are doing an excellent job of both serving their rural customers and protecting taxpayers' investments.

### **Multi-Family Housing Reaches Record-Low Loan Delinquency**

The Multi-Family Housing loan program reached a record-low delinquency rate of 1.9 percent as of September 30, 1998. This is an all-time low and is lower than almost all private-sector rates. This delinquency rate is based on a loan portfolio of 18,002 projects and an outstanding loan principal of \$11.9 billion. The Multi-Family Housing program is doing an excellent job of both serving its rural customers and protecting taxpayers' investments.

### **Electricity for the First Time**

RUS provided financing for facilities that The Socorro Electric Cooperative, Inc., headquartered in Socorro, New Mexico, constructed to electrify a very remote part of rural America. Socorro is building up to 20 miles of 14.4 kV line and secondary power extensions to serve consumers in Riley, New Mexico, who have never received central station electrical service. This unserved area is so remote that it requires a 50-mile drive from Socorro's headquarters, of which 20 miles is on dirt roads. The people of this area are mostly Hispanics and Native Americans, and they have been living here all their lives without electricity or running water. Initially, 14 residents will receive electric service.

## USDA Assistance for Mental Health



### RHS Develops Partnerships With the Nonprofit and Private Sectors To Provide Affordable Rural Single-Family Housing

RHS has been actively developing partnerships to leverage its limited single-family housing program dollars and increase affordable homeownership opportunities for rural America's working people. In FY 1998, RHS significantly expanded its Rural Home Loan Partnership with the Federal Home Loan Bank System and the Rural Local Initiatives Support Corporation. RHS's partners leveraged RHS's contribution of \$12.9 million with \$6.9 million of their own funds.

RHS also initiated a partnership with various Community Development Financial Institutions (CDFIs) and their private-sector partners throughout the country. The purpose of the partnership is to provide homeownership opportunities to very low- and low-income applicants by combining the resources of RHS, the CDFIs, and their private-sector partners. Through 15 local partnerships, 55 rural families have received home loans at rates significantly more affordable than those in the private sector. RHS provided \$2.9 million, which the CDFIs and their private-sector partners leveraged with \$992,000 of their own funds.

### Revolving Fund Launches Entrepreneurial Ventures in Pennsylvania Enterprise Community

**New Water System in New York**

Water and Environmental Programs provided a loan of \$822,400 and a grant of \$677,600 to install 20,420 linear feet of 8-inch water main, 35 fire hydrants, and 2 pressure-reducing valves in the Park Terrace Water District in the Town of Birmingham, New York. Water will be supplied from the City of Birmingham. This project will serve 155 users. The township has endured extreme hardship from depleted ground water resources. Public health concerns engendered by this situation include lack of adequate water for drinking and food preparation, lack of adequate water for personal hygiene and household cleaning, and inefficiency of the sanitary sewer system.

Many residents were collecting rainwater, snow, and roof runoff for domestic use. Many properties had been abandoned since they have been inhabitable due to a lack of domestic water. Other residents hauled water to maintain their homes. Without RUS assistance, these homeowners would have been without water for a year or many years.

Small, startup businesses are often unable to borrow startup money because banks and other lending institutions favor businesses with established track records. To help creditworthy startup businesses, the City of Lock Haven, Pennsylvania, allocated \$200,000 in Enterprise Community (EC) funds to create the Commercial Revolving Loan Fund. Owners of retail, service, or commercial businesses in Lock Haven are eligible for low-interest loans of up to \$25,000 to improve their facilities, expand an existing business, or start a new business.

The City of Lock Haven received a \$500,000 USDA Rural Business Enterprise Grant to expand the loan fund; the city also developed a grant program in conjunction with the fund. Small businesses that are planning renovations or construction can apply for grants of up to \$5,000.

**Kentucky Highlands EZ Attracts 13 New****Businesses**

Since receiving its designation as an Empowerment Zone (EZ) 3 years ago, the Kentucky Highlands EZ has assisted 13 businesses that have either located or made commitments to locate within the EZ area. The EZ has invested more than \$4.1 million in local businesses, which now employ more than 160 residents of Clinton, Jackson, and Wayne Counties.

**Debt Refinancing Provides Savings**

Electric program staff, working with five RUS rural electric cooperative power supply borrowers, produced annual savings of more than \$30 million for rural consumers in four States by refinancing high-interest utility debt. These refinancing savings can be passed on to the power supply borrowers' member distribution cooperatives and to their members—rural Americans. The North Carolina Electric Membership Corporation of Raleigh, North Carolina; Georgia Transmission Corporation of Tucker, Georgia; East River Electric Power Cooperative in Madison, South Dakota; and Sho-Me Power Cooperative in Marshfield, Missouri, refinanced \$1,199,065,066 in Federal Financing Bank loans, guaranteed by RUS, to provide the savings.

**RUS Influences Telecommunications Worldwide**

The influence of the RUS Telecommunications Program reaches around the world. The government of South Africa asked the National Telephone Cooperative Association (NTCA) to help find a way to get telecommunications services into the unserved and underserved areas of the country. NTCA is using RUS statistical reports from 1961 to 1996 to profile the progress that rural cooperatives have made in the United States. Through analysis of this statistical information, NTCA expects to show how cooperatives start with little capital, grow stronger with time, and eventually can sponsor rural economic development projects of their own. The NTCA representative said that the RUS statistical information is the best in the industry, and that without it this task would be very difficult.

## Development of the Administration's Comprehensive Electric Competition Plan

USDA and RUS actively participated in the development of the President's Electric Competition Plan and proposed legislation. USDA participation on the White House Interagency Working Group on Restructuring increased awareness of the many challenges facing rural areas in maintaining access to affordable electric power.

As a result of interagency discussions, the President's Plan and legislation sent to Congress in June 1998 contain a number of provisions to protect rural electric systems and their customers. The legislation requires the Federal Energy Regulatory Commission (FERC) to recognize the special nature of rural electric systems and to assure that RUS borrowers will, to the maximum extent practicable, be able to meet their loan obligations. The Plan also provides for a rural safety net to offset adverse economic consequences for rural systems to be administered through a public benefits fund.

### Village of Kongiganak, Alaska

Kongiganak, a USDA Rural Development-designated Champion Community, received a \$300,000 Rural Alaska Village Grant to match a \$500,000 grant from the State of Alaska. These funds will upgrade wastewater treatment facilities and the community's washeteria, which is the only source of drinking water for the community's 349 native Alaskans. Currently, some residents use rain catchments during the summer and ice melt in the winter for their fresh water supply. Wastewater is removed by using honey buckets that are hauled by the village to a pretreatment plant at the sewage lagoon. The project will also locate and develop a potable water supply for this remote, rural Alaskan village.

### Community Facilities-Financed Hospital Named Best Hospital in the Nation With Fewer Than 350 Beds

Recently, Solution Point, a hospital survey company, named North Hawaii Community Hospital the best hospital in the Nation with fewer than 350 beds. The 50-bed hospital won a Best in Class Consumer Satisfaction Award for total processes. The hospital also won top awards among small hospitals for housekeeping and food services. The hospital combines modern medicine with health care not normally found in a hospital, such as psychology,

naturopathy, chiropractic, massage therapy, and acupuncture. North Hawaii Community Hospital was funded through a \$15 million Community Facilities guaranteed loan made by Bank of America. The State of Hawaii provided grant funds and the local community raised \$6 million in contributions.

## 6. Investing in the Future Through Research, Education, and Economics

# Agricultural Research Service

## Mission

As USDA's main in-house research arm and one of the four agencies that make up the Research, Education, and Economics mission area, the Agricultural Research Service (ARS) conducts research to develop and transfer solutions to agricultural problems of high national priority and provides information access and dissemination to:

- Ensure high-quality, safe food, and other agricultural products,
- Assess the nutritional needs of Americans,
- Sustain a competitive agricultural economy,
- Enhance the natural resource base and the environment, and
- Provide economic opportunities for rural citizens, communities, and society as a whole.

## Selected accomplishments for FY 1998

- A new product created by ARS researchers significantly reduces potential *Salmonella* contamination in chickens. In U.S. field tests involving 80,000 chickens, the product—called PREEMPT—reduced *Salmonella* from about 7 percent in untreated chickens to zero percent in treated chickens. PREEMPT is a blend of 29 live, non-harmful bacteria naturally present in healthy adult chickens. These bacteria are sprayed in a fine mist over newly hatched chicks and prevented *Salmonella* from gaining a foothold in the chicks' intestines.
- The water quality threat from phosphorus in chicken and pig manure could be greatly reduced by a new type of feed corn that's low in phytic acid. Phosphorus loss to manure is 25 to 40 percent less when animals eat the low-phytic acid corn discovered by an ARS scientist. Excess phosphorus pollutes many bodies of water such as the Chesapeake Bay.
- An enzyme in horseradish could make it easier to produce life-saving anti-cancer drugs, preliminary research by ARS scientists suggests. The scientists devised a method that uses the enzyme horseradish peroxidase in making cancer drugs known as chlorins. The new one-step method could save time and money.
- Tender, affordable meats with less fat could come from hydrodyne, technology that uses shock waves to improve the texture of everything from lamb chops to steaks. Hydrodyne was developed in part by ARS scientists. With hydrodyne, underwater shock waves from a high-energy explosive charge tenderize meat with pressures as high as 25,000 pounds per square inch. Hydrodyne technology can provide a 50- to 70-percent improvement in tenderness of less tender meat. Hydrodyne also provides an alternative to fat as a source of tenderness.
- ARS scientists showed that putting a little extra color in the tomato patch can reduce the need for pesticides and boost yields, too. In field studies in South Carolina, tomato plants grown with red plastic mulch in nematode-infested soil produced 17 pounds of fruit, more than double the yield of tomatoes grown with traditional black plastic mulch on infested soil. This was the first study documenting that



*ARS food technologist Morse Solomon (left) prepares a test of Hydrodyne process, which can tenderize up to 600 pounds of primal cuts at a time.*

red mulch suppresses damage from the root-dwelling nematodes.

- A study of 247 women at the USDA Human Nutrition Research Center on Aging at Tufts, Boston, confirmed that long-term use of vitamin C supplements substantially reduces the risk of cataract—a clouding of the eye’s lens. There were 77 percent fewer early-stage cataracts among the women who took the supplements daily for more than 10 years than among those who didn’t take the supplements.
- From corn fiber, a low-value byproduct of corn wet milling, ARS scientists developed two valuable new products: “Amaizing oil,” a corn fiber oil that may lower cholesterol, and “Zeagen,” a white corn fiber gum. Feeding studies with hamsters indicated that “Amaizing oil” significantly lowered total serum cholesterol and LDL cholesterol, the kind that clogs the arteries. The corn fiber gum could be used in food as an emulsifier, a soluble dietary fiber, or a thickener, and also has potential industrial applications for use in adhesives and water-based paint thickeners.
- ARS scientists have identified the instigator behind the age-related decline in T cell function—which coordinates the body’s response to an infectious agent. What’s more, they were able to reduce the effects of this instigator in cultured cells. The scientists showed that prostaglandin E2 (PGE2) might contribute to the decline of T cell function in seniors because too much of this inflammation-producing substance has been shown to suppress T cell activity. Adding the antioxidant vitamin E to the cell cultures reduced PGE2 levels and improved T cell function. This suggests that people might slow the dysfunction of the immune system as they age by increasing body levels of vitamin E and possibly other nutrients.
- A new detector built by an ARS scientist and an Iowa State University chemist illuminates otherwise-unseen fecal contamination on meat and alerts meat packers to the contamination within seconds. Feces are the major source of bacterial contamination in livestock and poultry slaughterhouses. With the new device, which utilizes fluorescent spectroscopy, a contaminated carcass can be identified and then sanitized before the contamination spreads.
- ARS scientists in the spring of 1998 kicked off a new national project to suppress the Formosan subterranean termite, starting in New Orleans. The termite is now established in more than a dozen States, costing \$1 billion annually in repairs and control measures. An information site on the project can be found on the World Wide Web at [www.ars.usda.gov/is/fullstop](http://www.ars.usda.gov/is/fullstop)
- New revved-up biodiesel fuels that start engines at cold temperatures down to 5 degrees F have been developed by ARS scientists. The research should help speed up the commercialization of biodiesel fuels—a boost for U.S. soybean growers and the environment. Cold has been a problem for biodiesel fuels because temperatures at or below freezing cause them to form solid, waxy crystals that block fuel

### **Farm\*A\*Syst Home\*A\*Syst Wins Hammer Award**

This national program, centered at the University of Wisconsin, is an example of how Federal and State government agencies and the Extension services of the State land-grant college system can creatively work together to benefit rural America and the environment. Most people know that water pollution can come from crop land, rangeland, and livestock areas. But water pollution can also be generated around the farmstead where farm buildings are located, where petroleum and chemicals are stored and handled, and where animals are maintained and farm equipment serviced. Landowners are usually not aware of these problems, cost-effective abatement actions, or government assistance programs. This program, jointly funded by USDA’s CSREES and NRCS and EPA, has addressed this need with a unique approach. A small interagency team refined prototype education/assessment materials for several States. Alternative delivery approaches were piloted and lessons learned were shared with other State teams. Farm\*A\*Syst assessment and educational packages organize technical and management information obtained from a variety of disciplines and government agencies into one simplified and highly usable system of up to 15 educational models and worksheets. Using these, farmers develop action plans to reduce or eliminate pollution risks on their property.

lines and filters. The ARS scientists devised a three-step winterization process of mixing in additives, chilling the fuel, and filtering out solids. The research can help put biodiesel fuels into city buses, government and industry fleet cars, and underground mining equipment. The Federal Energy Policy Act requires 75 percent of all new State and Federal vehicles to be fitted for alternative fuels by the year 2001.

## Cooperative State Research, Education, and Extension Service

### Mission

The mission of the Cooperative State Research, Education, and Extension Service (CSREES) is to achieve significant and equitable improvements in domestic and global economic, environmental, and social conditions by advancing creative and integrated research, education, and extension programs in food, agricultural, and related sciences in partnership with both the public and private sectors.

### USDA Grants To Boost U.S. Agricultural Competitiveness

USDA awarded \$3 million in Risk Management Education Program grants to help farmers and ranchers compete in local and global markets. Some of the 17 grants give special attention to the needs of limited-resource farmers. The grants are part of a coordinated USDA risk management education and insurance protection program required by the Federal Agricultural Improvement and Reform Act of 1996.

#### USDA Celebrates 50th Anniversary of International Four-H Youth Exchange

More than 600 participants from 26 countries on 6 continents participated in the 7th World International Four-H Youth Exchange Conference in Washington, DC. Deputy Secretary Richard Rominger congratulated the participants on 50 years of intercultural understanding at the 50th anniversary celebration at the National 4-H Center in Chevy Chase, Maryland. Participants attended workshops and interactive events, including an international bazaar, dinner at the U.S. Capitol, and an interfaith assembly.

#### Fund for Rural America Grants for Research, Education, and Extension

CSREES developed and carried out the \$31.2 million competitive research, education, and extension grants component of the Fund for Rural America, awarding 115 grants to organizations in 39 States. The grants support research, education, and extension projects that strengthen USDA agricultural, environmental, and rural development efforts and improve the quality

of life for rural residents. In addition, the grants will help USDA improve delivery of services to underserved and poorly served farmers and other rural residents.

### USDA Grants \$2.4 Million for Community Food Security

CSREES awarded \$2.4 million to 18 communities in 12 states to address local food, farm, and nutrition issues and help them become more self-sufficient in providing for their own food and nutrition needs. Many of the funded projects focus on helping communities meet the nutritional needs of low-income and elderly people. Some of the projects incorporate small business development, direct markets for local farms, and job training programs for youth.

## USDA Water Quality Education Grants Target Underserved Communities

CSREES awarded more than \$678,000 in USDA water quality education grants to help underserved communities make informed decisions about their water resources. The 17 grants are designed to help the communities improve water management, handle storm water, manage wastes, and protect or improve the quality of their water supplies.

## USDA Reaches Out to Communities on the Year 2000 “Bug”

The Year 2000 (Y2K) “bug” affects every part of society. The Nation’s food supply sector is at risk due to heavy dependence on computerized processing and information exchange. CSREES created a Y2K Community Outreach awareness campaign, putting valuable Y2K information into the hands of the public through the vast Cooperative Extension Service network of educators and specialists. The Y2K toolkit gave producers a clear understanding of the implications of the Y2K problem, solutions, and strategies for assessing their own situations, and suggestions for creating contingency plans should systems fail.

## Small Farm Digest: Valuable Resource

CSREES’ Small Farm Program works hard to improve the income and economic viability of small farms. One valuable resource for small farmers, introduced this year, is the Small Farm Digest, a quarterly newsletter distributed in print to more than 26,000 subscribers and also available via the World Wide Web. The newsletter highlights information from the national perspective, offers details of programs and resources available to small farmers, fosters discussion among small farmers, and presents success stories of small farmers to their peers.

### USDA Celebrates National Research Initiative 20th Anniversary

The USDA and the National Academy of Sciences celebrated 20 years of competitive research grants in agriculture, recognizing USDA support for competitively funded research in fundamental and applied sciences important to agriculture. The introduction of a competitive research grants program at USDA in 1978 expanded the attention to fundamental sciences in agriculture and attracted high-quality scientists to study issues underlying agriculture. This CSREES program was expanded in 1991 to form the National Research Initiative in response to a National Academy of Sciences report, *Investing in Research: A Proposal to Strengthen the Agricultural, Food, and Environmental System*, and has served as a model for other competitive grants programs within USDA.

## Capacity Building Grants Awarded by USDA

Capacity building grants were awarded to support 42 teaching and research projects at historically black 1890 land-grant institutions and Tuskegee University. The \$9.2 million program is designed to strengthen partnerships, promote workforce diversity, and enhance the institutions’ teaching and research programs in the food and agricultural sciences. Teaching projects will focus on innovative student recruitment and retention activities, develop new and updated curricula, and acquire cutting-edge instructional delivery systems and scientific instrumentation for teaching. Research projects will address critical issues of State, regional, and national importance in such areas as food safety, human nutrition, environmental sciences, biotechnology, and plant and animal sciences.

## Tribal Colleges Receive USDA Extension Awards

CSREES awarded nearly \$2 million to 29 tribal colleges under USDA's New Tribal Colleges Extension Program. The program supports training and education in a wide variety of areas, including production agriculture; business management; community and family development; 4-H and youth leadership; natural resources and conservation; and nutrition, diet, and health.

## **Economic Research Service**

### **Mission**

The mission of the Economic Research Service is to provide economic analysis on efficiency, efficacy, and equity issues related to agriculture, food, natural resources, and rural development to improve public and private decisionmaking.

### **Accomplishments**

Following are some key accomplishments of the Economic Research Service for FY 1998:

#### **Implications of Regional Trade Agreements and the World Trade Organization**

An ERS report, Regional Trade Agreements and U.S. Agriculture (AER-771), analyzes RTA's and concludes that U.S. agriculture can benefit from participating in them and may lose when it does not participate. Agriculture is an important source of potential U.S. gains from RTA's.

#### **Asian Financial Crisis**

ERS conducted several analyses during 1998 of the implications for U.S. agriculture of the rapidly changing Asian economic and financial conditions. The potential scope and impact of the Asian financial crisis was first summarized in Agricultural Outlook (AGO-248). The initial assessment provided the analytic base for reassessing the Department's short and intermediate outlook for U.S. agriculture and trade and allowed for more informed private and public decisions relative to the Asian crisis and its linkage to U.S. agriculture.

#### **Effects of Prices and Income on Food Choices**

Economic factors such as food prices and consumer income are important determinants of food choices, with potential consequences for nutrient availability. An ERS report, How Economic Factors Influence the Nutrient Content of Diets (TB-1864), provides estimates of how the availability of 28 nutrients would change as consumers alter their food purchases in response to changes in food prices and income through the interdependent food demand relationships. Estimates of nutrient income responses can also be a starting point in evaluating possible effects of income changes on dietary quality when food stamp benefits are cut or increased.

#### **Sustainability in the Great Plains**

ERS published a variety of research perspectives on economic sustainability in the Great Plains in a special issue of USDA's Rural Development Perspectives focusing on issues related to building a sustainable economy in the rural Great Plains. The research effort emphasized the effects of 1996 farm legislation, the long-term decline of population, changing linkages between net migration and natural amenities and suburbanization, the needs of manufacturing firms, distress in the retail/wholesale sector, and the potential

effects of Federal programs in the region.

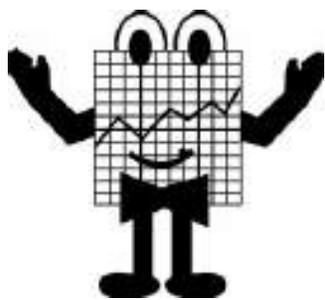
### **Highlighting the Performance of America's Food System**

ERS provides needed research and information to assess the ability and performance of the Nation's food system to deliver safe and nutritious food at reasonable prices. The broad and inventive research program provided information to Federal policy officials on demographic, social, and economic determinants of diet quality; the costs of poor diets; and the benefits of improving diets and nutrition; thereby highlighting the importance of know-ledge and health education in shaping consumers' diets.

### **Enhanced Understanding of Farms and Rural America**

ERS tracks and explains the changes being experienced on farms and in rural America. Such structural information about farms and rural communities is particularly important in showing the heterogeneity of farms and businesses that comprise the economic landscape of rural areas. As a result, the Secretary's National Commission on Small Farms relied heavily and almost exclusively on ERS information for the factual basis that was used to augment, validate, or refute impressions and beliefs about the situation and problems of small and minority-operated farms out of which the Commission prepared recommendations.

Information generated by ERS is particularly important for policymakers as they deal with small or disadvantaged farms, minority farmers, and the impacts of market and natural events. For example, ERS developed a new economic typology to characterize farms by linking primary occupation of the farm operators and their stage of career to value of production as a way to understand unique needs. In another example, ERS research on rural and agricultural credit markets has been used to assess the impact of proposed changes in USDA's farm loan programs.



## **National Agricultural Statistics Service**

The mission of the National Agricultural Statistics Service (NASS) is to serve the basic agricultural and rural data needs of the people of the United States, including those working in agriculture and those living in rural communities, by objectively providing important, usable, and accurate statistical information and services for informed decisionmaking.

### **1997 Census of Agriculture**

In 1998, NASS conducted the census of agriculture for the first time. The transition of the census from the Bureau of the Census went very smoothly, even though the census of agriculture program was transferred to NASS midway through the planning cycle. Several noteworthy improvements were implemented which resulted in a higher response rate and release of the results 10 months earlier than the previous census.

#### **Web Stats for Kids**

A new feature was added to the NASS home page, NASS Kids. This educational site for young people uses a light-hearted approach to agriculture, statistics, and math. Users are escorted through the site by "Stanley Statistician" and "Pie-Chart Pam." Among the NASS Kids features are a NASS IQ page, online coloring book, history trivia quiz, games, and links to other agricultural sites such as Ag in the Classroom. The page also offers answers to some commonly asked questions such as "What is a statistician?" and "What are charts and graphs?" The NASS Kids page was selected by Bonus.com, the SuperSite for Kids, as an "excellent site" and the site requested permission to link to

## Dairy Products Prices

NASS implemented the Dairy Products Prices survey in September 1998 to collect prices for nonfat dry milk, butter, and dry whey. These price data are published weekly along with the ongoing cheese price series. The cheese price is the major component in the current milk price support formula (Basic Formula Price) that determines the minimum prices that plants can pay producers for milk. Under the proposed new formula, all of the above product prices would be used in the milk price support formula.

it. The mission of Bonus.com is to provide access to a rich selection of entertaining and educational works on the Web that educators may use in the classroom and that children will learn from and enjoy. The NASS site also received several other awards during 1998.

## International Agricultural Statistics Conference

NASS hosted the first International Conference on Agricultural Statistics, sponsored by the International Statistical Institute. Presentations and discussions focused on future needs for agricultural information, as well as new developments in technology and statistical survey methodology that will be required to meet those needs. The March 1998 conference, attended by over 250 participants from 50 countries, was deemed highly successful and brought NASS and USDA recognition for its leadership in promoting improved agricultural statistics throughout the world.

## International Assistance Provided

NASS provided technical assistance and training to improve agricultural statistics programs in 12 countries. A NASS staff member continued a 2-year residency assignment in Ethiopia, and short-term assignments supported work in Chile, China, Ecuador, Ethiopia, Kazakhstan, Mexico, Morocco, Nicaragua, Romania, Russia, Ukraine, and Venezuela. This technical assistance helps these countries improve agricultural data collection efforts, primarily through improved sample survey methodology. In addition, NASS' International Programs Office coordinated and/or conducted training programs in the United States for 158 visitors representing 22 countries.



# 7. Promoting Quality and Fair Trade Through Marketing and Regulatory Services

## Mission

The mission of Marketing and Regulatory Programs is to facilitate the domestic and international marketing of U.S. agricultural products and to ensure the health and care of animals and plants while improving market competitiveness and the economy for the overall benefit of both consumers and American agriculture.

## Efforts To Improve Oversight of Livestock Concentration

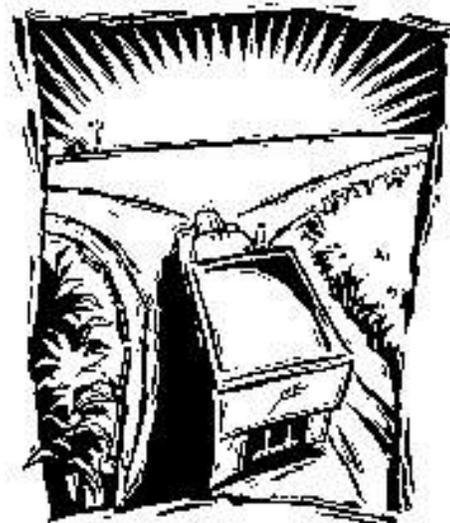
High concentration, forward sales contracts, production contracts, and vertical integration have raised major concerns about competition and trade practices in livestock and procurement by meat packers and poultry

processors. The Packers and Stockyards (P&S) program of the Grain Inspection, Packers and Stockyards Administration (GIPSA) is restructuring its headquarters and field offices to better focus on its core responsibilities—overseeing competition, trade practices, and payment protection. Eleven field offices have been consolidated into three regional offices. P&S is also incorporating economic, statistical, and legal expertise into investigations at the field office level to increase effectiveness in investigating anticompetitive practices and enforcing trade practice and payment protection.

### **Challenge to IBP's Livestock Buying Method, Right of First Refusal**

In August 1995, P&S filed a complaint alleging that IBP, Inc.'s use of an agreement to purchase cattle violated the Packers and Stockyards Act because the agreement was an unfair practice and gave unreasonable preference to a small group of Kansas feedlots by guaranteeing them the highest price paid for cattle in Kansas. The Chief Administrative Law Judge ruled that IBP's use of the agreement was not an unfair practice.

P&S appealed the Administrative Law Judge's decision to USDA's Judicial Officer (JO). However, the JO ruled that IBP's use of the agreement was not an unfair practice because the evidence did not prove that other feedlots or producers were harmed by the agreement. In addition, the JO ruled that the right of first refusal given to IBP under the agreement has the effect of reducing competition, and is, therefore, an unfair practice. IBP appealed the JO's decision to the United States Court of Appeals for the Eighth Circuit.



### **Hog Procurement Investigation**

USDA released the results of the Western Cornbelt Hog Procurement Investigation, recently completed by GIPSA. The investigation revealed substantial differences in hog characteristics and prices among pricing and procurement methods and seller sizes. Hogs sold on the spot market, hogs sold on a live-weight basis, live-weight pricing, and hogs sold by smaller sellers tended to exhibit lower hog quality characteristics and received lower prices. Price comparisons indicated that publicly reported prices did not reflect actual purchase prices.

### **Orders Issued and Penalties Assessed**

Over the past 3 years, 115 decisions and orders have been issued against 183 individuals and firms for violating the P&S Act. The orders included more than \$366,380 in civil penalties and 314 cease and desist provisions involving unfair trade practices or anticompetitive activities.

### **New Toll-Free Number for Livestock Marketing Complaints**

GIPSA established a toll-free number (1-800-998-3447) to allow producers and the general public to file complaints and report market abuse.

## **New Technology To Measure Grain Moisture**

GIPSA implemented a new official grain moisture meter, which marks a transition to new technology for moisture measurement for the official grain inspection system. The new meter offers increased speed and reliability.

## **Testing Services for Corn Oil, Protein, and Starch**

As part of GIPSA's efforts to keep pace with an increasingly sophisticated market that requires end-use quality information, it began offering a new testing service for corn oil, protein, and starch.

## **Opening Markets and Keeping Them Open**

APHIS supports agricultural trade by providing our trading partners with scientific data indicating that U.S. products are free of pests and diseases of concern and ensuring that any trade restrictions placed on our products are based on sound science. As a result of these efforts, APHIS played a key role in removing 77 foreign trade barriers in FY 1997. U.S. agricultural producers can now ship tomatoes to Japan; table grapes to China; lemons, kiwis, oranges, and grapefruit to Chile; sweet cherries to Mexico; live swine to Argentina and Peru; and rough rice to Ecuador. Annually, these new markets have been responsible for enabling \$2.2 billion in threatened and new agricultural trade opportunities to take place.

GIPSA worked with APHIS and the Foreign Agricultural Service to convince Sanidad Vegetal (the Mexican plant quarantine authority) to suspend implementation of two new regulations that would have halted exports of U.S. wheat and sorghum to Mexico for potential *Tilletia controversa* (Kuhn).

## **Efforts Against Alien Invasive Species**

Recently, infestations of the Asian long-horned beetle—a highly destructive pest of maple and other hardwood trees—have been discovered in New York and Illinois. The introduction of this pest underlines the need to coordinate efforts to combat such introductions

APHIS is cooperating in Vice President Gore's Alien Species Initiative, a program initiated in June 1997 to create a national strategy regarding the introduction of alien invasive species. More than 20 Federal agencies have some role in dealing with invasive plant and animal pests, which are estimated to cost U.S. agriculture more than \$12 billion per year. Now, these agencies are coordinating their efforts through a National Invasive Species Council, which is currently working with State, local, and tribal governments.

## **Control and Eradication Efforts**

APHIS is responsible for protecting U.S. agriculture from outbreaks of exotic animal and plant pests and

### **Farmers Markets**

Secretary Glickman joined local officials and 31 vendor-farmers July 2 to kick off the first USDA farmers market of the season. The Secretary encouraged Americans to eat more fruits and vegetables and announced the results of USDA's Healthy Eating Index. He also praised the increase in farmers markets—a 35-percent rise in the number of farmers markets across the country since USDA began collecting statistics in 1993, and their benefits to consumers and small farmers.

### **California Egg Partnership Wins Hammer Award**

The California egg industry worked together with the California Department of Food and Agriculture, USDA's APHIS and CSREES, FDA's Los Angeles District, and the California Department of Health Services to develop a quality assurance plan that will ensure the highest quality and safety of eggs. Before this plan, there was no uniformity in the production of fresh eggs in California in these areas: rodent control, formal education or training in rodent control, or biosecurity. The California Egg Quality Assurance Plan is comprehensive and implements important provisions to protect the public health. There are guidelines for transportation, purchasing chicks, cleaning cages, and monitoring rodents. A multifaceted health plan covering medication and feeding is included in the certification program. The important steps of wash water and refrigeration are addressed. For employees, training and recordkeeping help ensure that employees are equipped and prepared to maintain quality and food safety. This plan demonstrates what can happen when Federal/State regulatory agencies and private industry work together toward a common goal.

diseases. For example, the Mediterranean fruit fly (Medfly) is one of the most devastating pests. After detections of the Medfly in Florida, APHIS joined State and local counterparts in a large-scale eradication effort. Due to this effort, no Medflies have been detected in Florida since FY 1998.

APHIS has had success working with State and local cooperators on three major animal disease eradication programs: brucellosis, tuberculosis, and pseudorabies. Currently, 43 States, Puerto Rico, and the Virgin Islands have been recognized by the State-Federal brucellosis eradication program as brucellosis-free, and 45 States and the Virgin Islands are accredited free of bovine tuberculosis. While only 31 States are currently free of swine pseudorabies, APHIS expects to achieve total eradication of this disease by the end of the year 2000.

### **Yellowstone Bison**

APHIS has been actively involved with other Federal and State agencies in efforts to resolve the problems associated with the brucellosis-infected bison herd in Yellowstone National Park. The goal of these efforts is to reduce the potential for transmission of brucellosis from infected bison to livestock and disease-free bison and elk populations in the area.

To determine a long-term strategy for the bison, a draft environmental impact statement (EIS) was published in June 1998 with the Department of Interior's National Park Service, USDA's Forest Service, APHIS, and the State of Montana as signatories. APHIS officials have finalized a brucellosis quarantine protocol for Yellowstone bison; animals that are certified free of brucellosis under this protocol will be able to be released to Native American tribes, parks, preserves, or other appropriate recipients. .

### **Reduction in Fees**

Cotton growers are paying less for cotton classification services than they did a few years ago. Through office consolidations, automation, improved automatic data handling, and the rapid utilization of newly developed equipment with lower labor requirements, the cotton classification fee for the 1998 crop is \$1.30. In 1994 the fee was \$1.80.

### **Bison Now Part of Food Purchase Program**

Secretary Glickman's April 30 authorization of up to \$2.5 million to purchase ground bison helped to reduce the large inventories.

## **Agricultural Marketing Service (AMS) Reaches Out to Small and Minority Vendors**

In September 1998, 22 small firms representing a diverse cross section of more than 400 small meat, poultry, and fruit and vegetable processors and dealers were invited to a USDA workshop to explore ways to increase small business participation in USDA's purchase programs.

### **Promoting Farmers Markets**

Finding a farmers market whether in your State or in another State is as easy as flipping the pages of the 1998 National Farmers Market Directory. The list of 2,746 farmers markets operating throughout the United States provides a comprehensive summary of market locations and hours of operation.

### **Let Your Fingers Do the Walking to the Farmers Market**

Finding a farmers market on Federal property is as easy as dialing the farmers market hotline. By calling 1-800-384-8704 farmers, vendors, customers, and market cooperators may obtain recorded information on dates, times, directions, and other information about participating in USDA-sponsored markets on Federal property.

### **Eggs-tra Eggs-tra**

The poultry and egg industry is reading all about a wide range of supply, demand, and price information as well as market comments about international marketing of poultry and eggs in a new weekly poultry market news report. The weekly International Egg and Poultry Review is available every Tuesday on a subscription basis by facsimile transmission and free on the Internet.

### **\$1.2 Million in Projects**

Through AMS' Federal State Marketing Improvement Program, USDA awarded \$1.2 million for 24 projects in 18 States in FY 1998. This will allow State agencies to conduct a wide range of research and service projects aimed at improving the marketing, distribution, and use of agricultural products.

### **One-Stop Shopping**

Members of the produce industry seeking several market news reports can now visit the Market News Customer Service Center in Fresno, California. The Customer Service Center provides customers with consistent reports that are provided in a timely manner.

Small farmers now have a one-stop information source for AMS farmer direct marketing activities. The website, [www.ams.usda.gov/directmarketing](http://www.ams.usda.gov/directmarketing), provides State contacts and links to appropriate Federal, State, university, and other websites relating to direct marketing.

### **RuleMakingMadeEasy.Gov**

USDA is a 1998 recipient of the Government Technology Leadership Award. The award is for AMS' use of

the Internet and other communication technology in handling more than 280,000 comments received on its proposed rule for the national organic food and fiber standards.

People interested in marketing order information and Perishable Agricultural Commodities Act (PACA) information can view proposed rulemaking actions and electronically mail comments from both sites. Marketing Order information is available at [www.ams.usda.gov/fv/modocketlist.htm](http://www.ams.usda.gov/fv/modocketlist.htm) and PACA information is available at [www.ams.usda.gov/fv/paca/pro-regis.htm](http://www.ams.usda.gov/fv/paca/pro-regis.htm)

## Exporting Dairy Products

U.S. exporters to the European Union (EU) who ship cheese, ice cream, and other dairy products, as well as U.S. manufacturers who ship pizza, cheese crackers, cheese cake mixes, and other processed foods that contain dairy ingredients, will benefit from a new AMS certification program. AMS and a team of dairy industry representatives developed a comprehensive certification program that satisfies the European Commission's equivalency requirements for dairy products exported to the European Union. Since April 1997, more than 2,000 certificates have been issued, enabling 35 million pounds of U.S. dairy products to enter the EU.

# 8. Providing Administrative Support to the Department and Its Clients

## Office of Inspector General

### Mission

The Office of Inspector General's (OIG) mission is to conduct and supervise audits and investigations to prevent or detect fraud and to improve the effectiveness of USDA programs by recommending changes that will increase efficiency and reduce wasteful and fraudulent activities.

### Recoveries and Savings

In FY 1998, OIG identified \$63.9 million in recoveries and collections and \$48.6 million in fines and restitutions. OIG also identified \$39.5 million in questioned costs that cannot be recovered. Another \$127.9 million was identified for which management made commitments to put funds to better use. OIG efforts also resulted in 777 criminal indictments and 604 convictions.

#### Secretary Receives Civil Rights Award

On February 17, on behalf of all 18 of the 1890s land-grant colleges and universities, the president of Langston University presented Agriculture Secretary Dan Glickman with an award recognizing his leadership on civil rights issues at USDA.

## Operation Talon Shows Continued Success in Apprehending Fugitives From Justice

Operation Talon is a Presidential initiative designed to locate and apprehend fugitive felons, many of them violent offenders, who are current or former food stamp recipients. Operation Talon has been expanded to

### **Multimillion-Dollar Food Stamp Trafficking Cases Cracked in Several States**

OIG cracked multimillion-dollar food stamp trafficking cases in several States. Twenty-four individuals have been arrested in the southern district of New York on an estimated \$60 million food stamp fraud and money laundering conspiracy. During a 2-year investigation in Philadelphia, Pennsylvania, an elaborate scheme was uncovered involving \$15 million of food stamp trafficking and money laundering. Also in Philadelphia, the owner of four retail stores pled guilty to fraudulently purchasing approximately \$5.4 million in food stamps and laundering \$4.8 million in funds. In Georgia, a grocer was sentenced to serve 5 years in prison and ordered to pay over \$3.9 million in restitution after he pled guilty to charges of money laundering and redemption of illegally received food stamps.

include 34 metropolitan areas in 23 States, and 3,206 fugitive felons had been arrested as of September 30, 1998.

### **Presidential Initiative in the Child and Adult Care Food Program (CACFP) Continues With Operation “Kiddie Care”**

Operation “Kiddie Care” continues to detect fraud committed by CACFP sponsors around the country; as of September 11, 1998, 53 sponsors in 23 States were being audited or investigated. As part of Operation “Kiddie Care,” 13 sponsors have been terminated from CACFP. These 13 had been receiving \$24.2 million in program funds annually.

## **Office of Chief Financial Officer**

### **Mission**

The Office of the Chief Financial Officer (OCFO) will shape an environment in which USDA officials have and use high-quality financial and performance information to make and implement effective policy, management, stewardship and program decisions.

### **National Finance Center Achieves Year 2000 Compliance Goal**

OCFO’s National Finance Center (NFC) in New Orleans met a self-imposed deadline to make all its systems Year 2000 compliant. The NFC provides payroll/personnel services to 435,000 employees from USDA and 100 other Federal agencies, accounting for one-fifth of the entire Federal Government. NFC’s systems include the Federal Government’s Thrift Savings Plan, which is the \$67 billion 401(k) retirement plan with 2.3 million participants.

### **OCFO’s National Finance Center Marks Civil Rights’ Progress**

OCFO’s NFC unveiled Inclusion University, a self-paced optional program for employees who want to expand their understanding of diversity issues in the workplace. An NFC original, this program is the first of its kind in the Federal Government. This effort and other initiatives contributed to a 36-percent decline in informal EEO complaints and a 41-percent decline in formal EEO complaints.

### **Reaching Out to Small and Minority Businesses**

USDA’s Office of Small and Disadvantaged Business Utilization participated in the Florida Black Business Board’s Second Annual “Black Business Investment Day” March 13 in Tallahassee, Florida. It also participated in a workshop March 16 in Wilson, North Carolina, on “Doing Business With Your Government.”

## **USDA Increases Debt Collection by 45 Percent in FY 1998**

USDA collected \$78.3 million in delinquent debt for the first 9 months of 1998 from the Tax Refund Offset Program (TROP) and Treasury Offset Program (TOP). This figure exceeds the \$53.7 million collected during the same period in 1997 by about 45 percent.

## **Office of the Chief Information Officer**

### **Mission**

The mission of the Office of the Chief Information Officer (OCIO) is to strategically acquire and use information technology resources to improve the quality, timeliness, and cost effectiveness of USDA service delivery to its customers. The following accomplishments reflect the OCIO's efforts to achieve that mission.

#### **USDA Workshop Focuses on Working Effectively With American Indians**

One of USDA's Native American liaison officials served as instructor the week of August 2 at a workshop on "Working Effectively with American Indians" in Lac du Flambeau, Wisconsin, to improve the delivery of USDA conservation programs to this historically underserved group.

#### **USDA Makes Progress in Addressing "Year 2000" Problem**

USDA launched an aggressive in-house and outreach program to address Year 2000 computer and embedded chip problems and to ensure the uninterrupted delivery of its programs and services.

These include food stamps to some 25 million Americans, loans and payments to millions of farmers, child nutrition programs, and programs to promote agricultural trade and to protect the environment. USDA identified 643 "mission-critical" systems: at the end of the fiscal year, 502 or 78 percent of those systems were Year 2000 compliant. Ninety-four percent of the 332 systems undergoing repair met the renovation milestone date. OCIO's National Information Technology Center (NITC)—which provides information management services and technology to support USDA agencies, the Federal Aviation Administration, and other agencies—successfully migrated its mainframe computer system to a Year 2000 compliant operating system. In addition, USDA leads the Food Supply Working Group of the President's Council on Year 2000 Conversion—raising awareness and working with industry partners to address potential Y2K-related problems in the farm-to-table food supply chain.

#### **"One-Stop Service" for Customers Moves a Step Closer to Reality**

USDA purchased the first increment of new technology required to fulfill our promise of providing "one-stop service" for farmers, ranchers, and customers of rural development programs. This historic milestone represents an important first step in moving away from "stove pipe" service delivery toward a shared information system for USDA's farm, conservation, and rural development agencies. When the "Common Computing Environment" is complete, customer benefits and payments will be processed electronically, and much faster; customers will no longer have to provide the same information to different USDA agencies because they will share a common data base; customers will be able to access program information and apply

from home; and the paperwork burden on USDA customers will be significantly reduced. USDA employees, freed from no-value-added work, will have more time to provide direct assistance to customers.

## Office of the Chief Economist

### Mission

The mission of the Office of the Chief Economist (OCE) is to advise the Secretary of Agriculture on the economic prospects in agricultural markets and the economic implications of policies, programs, and economic events affecting U.S. agriculture and rural communities; to ensure the public has consistent, objective and reliable agricultural forecasts; and to promote effective and efficient rules governing

Departmental programs. OCE was created by the Secretary under the authority of the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994, Public Law 103-354.

OCE consists of the Chief Economist and Immediate Staff, the Office of Risk Assessment and Cost-Benefit Analysis, the Global Change Program Office, and the World Agricultural Outlook Board. Three major functions are carried out by OCE: (1) economic intelligence, policy, and program coordination, which includes farm labor, small farms, sustainable agriculture, global change, and energy activities; (2) agricultural estimates and projections; and (3) regulatory analysis.

### Small Farms Commission Report

On January 22, 1998, Secretary Glickman accepted the report of the Small Farms Commission, which was formed in response to a recommendation by USDA's Civil Rights Action Team. The report contained 146 recommendations. Deputy Secretary Rominger was named to lead an interagency team to develop an integrated Departmental strategy to help small farmers.

### OCIO's National Information Technology Center Helps Agencies Fight Fires, Research Plants

OCIO's National Information Technology Center (NITC) continued to improve the ability of USDA agencies to deliver critical programs and services. For example, new technology "platforms" will improve the Forest Service and other land management agencies' ability to report risks, including fires, hurricanes, and floods; access up-to-the-minute weather information; and manage crews on the front lines. The system will include Internet access, maintenance of historical data, and enhanced reporting capabilities. Key improvements have also been made in the "Plants" website. Developed by USDA's Natural Resources Conservation Service, the Plants site now serves approximately 40,000 users every month, providing field office employees, academic researchers, farmers, businesses, and average citizens a single source of standardized information about plants.

### Accomplishments

In the face of growing concern about agriculture-related hazards to human health and the environment, the Department is applying sophisticated new techniques to pinpoint risks and options for reducing them. In the past year, the Office of Risk Assessment and Cost-Benefit Analysis provided technical support

for USDA risk assessments for *Salmonella* in eggs, irradiation of beef, pests in wood pallets imported from China, foot-and-mouth disease in beef from Argentina and South Africa, and hog cholera in Mexico. Cost-benefit analysis also helps monitor the impact and effectiveness of new programs. USDA is undertaking case studies to determine the efficacy of the Environmental Quality Incentives Program and the Conservation Reserve Program.

USDA is making sure that U.S. agricultural concerns about climate change and efforts to mitigate it are heard as the world community decides how to implement the 1997 Kyoto Accords. Risks associated with climate change and climate variability such as temperature and precipitation changes, as well as an increase in extreme

weather events, could have a big impact on agriculture, forestry, and rural areas. The Department's Global Change Program Office has been an active member of the U.S. delegation at meetings on the U.N.-sponsored Accords and has taken part in other domestic and international climate change activities.

In the past year, USDA used scientific analysis to challenge claims by China and Brazil that U.S. wheat would spread fungal diseases. USDA scientists and meteorologists presented evidence demonstrating that neither country has climatic conditions that support the spread of TCK smut or karnal bunt. This information greatly weakened the arguments for banning U.S. wheat imports. Brazil recently removed TCK smut from its list of quarantined diseases that block imports and has announced it will permit imports of hard red winter wheat grown in seven U.S. States.

USDA is working with the National Weather Service (NWS) to ensure that agriculture's essential data needs can be supplied despite cutbacks in NWS specialized weather services. As the first step in developing a national agricultural weather observing network, OCE's World Agricultural Outlook Board has stationed the first field meteorologist for the network at the Agricultural Experiment Station in Stoneville, Mississippi, re-opening this former NWS site.

In addition, USDA acquired access through the Department of Defense to more than 10,000 satellite images which are available at no cost and which potentially represent a cost savings of \$400 to \$4,400 per image. Departmental agencies use satellite imagery to manage forests, monitor natural resources, forecast crops, and conduct farm programs.

Under the auspices of the United States/South Africa Bi-National Commission, USDA's World Agricultural Outlook Board has been showing South Africa how to forecast the impact of its highly variable climate on crop production. The Board arranged for a technical exchange between the developers of the Oklahoma "Mesonet" and scientists representing South Africa's Agricultural Research Council. In return, we now receive real-time weather data collected by South African counterparts.

#### **USDA Readies Puerto Rico Summer Internship Program**

USDA's Farm Service Agency cosponsored an internship program for the Puerto Rico USDA Center of Excellence for Hispanic Americans in the summer of 1998, employing seven college students to work at the FSA Puerto Rico State office.

Similarly, an ongoing information exchange with China has yielded substantial analytical benefits. The Department's economic and statistical agencies are helping China improve agricultural data collection and statistical practices at the local level. Through participation in this project, USDA has substantially improved its information base with respect to the present and future of China's agricultural sector.

## **Departmental Administration**

### **Mission**

Departmental Administration's mission is to provide the most effective and efficient administrative management leadership and services to support USDA agencies and enable the Department to reach its

programmatic goals.

## **Bringing Rural America Venture Opportunities (BRAVO)**

The Office of Small and Disadvantaged Business Utilization (OSDBU), in concert with its USDA partners, initiated the BRAVO Program. BRAVO will establish partnerships with American Indian and Alaska Native tribes, 1890 and 1994 institutions, Hispanic American colleges and universities (HACU), small disadvantaged companies, private corporations, and government organizations to revitalize and enrich targeted rural communities.

## **USDA Purchase Card and Fleet Card Consolidation A Success**

On August 7, 1998, USDA awarded a task order to NationsBank to replace the current purchase card and fleet card service contracts. This award provides streamlined credit card services to the cardholders of USDA, and utilizes the state-of-the-art Purchase Card Management System (PCMS) allowing USDA employees to buy goods and services faster and at lower administrative costs. PCMS, upon full deployment, will offer approximately 18,000 purchase cardholders and 40,000 fleet cardholders an on-line reconciliation system that eliminates monthly statement and invoice processing, provides improved management oversight, demonstrates a user-friendly environment, and offers administrative cost avoidance savings in the coming years.

## **USDA Joins Executive Order 13101**

The President issued Executive Order 13101, "Greening the Government through Waste Prevention, Recycling and Federal Acquisition," to strengthen the environmental policies of the Administration. USDA joined in this current initiative with its own biobased products to be promoted as environmentally preferable products. For the first time, USDA will attempt to link rural job growth, agricultural production, and the use of agricultural waste products to the sale of environmentally preferable products.

### **Vice President's National Performance Review, Silver Hammer Awarded to the Office of Operations (OO)**

OO, in cooperation with the Rural Utilities Service and the Office of the General Counsel, was awarded the Silver Hammer Award for reinvention of the cooperative utility loan program. The average turnaround time for loans was reduced from 6 months to 2 weeks. OO reduced the printing lead time from 5 days to 22 minutes using print-on-demand technology. This expedites loan services to USDA-supported cooperative utilities and improves their services to their rural customers.

## **Contracts Mean Jobs for Persons with Disabilities**

USDA achieved its strongest results to date providing a wide variety of jobs to persons with disabilities. Under the Javits-Wagner-O'Day Act Program, USDA created more than 75 new full-time jobs for persons with disabilities. The single largest contract of the year provided more than 60 jobs performing the facilities management services at USDA's new Beltsville Office Complex. More importantly, this contract is a

hallmark action, being the first Commercial Facility

Manager that has been awarded to a Community Rehabilitation Program by the Federal Government, opening a new service industry with potentially hundreds of jobs nationwide.

## **Complaint Backlogs Continue To Be Reduced**

Progress was made on reducing the backlog for both program complaints and EEO complaints. By October 31, 1998, 479 program complaints had been closed out of the 1,088 that were active at the start of the year. On the EEO complaint side, 806 were closed out of the 1,523 that were active at the start of the year.

### **Major Program Complaints Resolved**

Ten farm program discrimination complaints were resolved with findings of discrimination, and significant remedies were negotiated. As a result, debt write-off and expenses for these cases totaled \$1,055,248 and compensatory damages awarded in these cases totaled \$1,804,725.

### **Beltsville Office Facility—An Award-Winning Facility**

The new Beltsville Office Facility received a Federal Energy Saver Showcase Award from the Department of Energy. The award recognizes Federal facilities operating at their peak efficiency by using energy resources wisely. A Certificate of Merit for Excellence in Construction was received on September 16, 1998, from the Associated Builders and Contractors, Inc. The September 1998 issue of Building Design and Construction magazine includes a positive article on the success of the complex and the innovative procurement process.

### **Office of Operations (OO) Is Recognized by the National Institute of Building Sciences**

For the headquarters buildings in Washington, DC, OO was recognized by the National Institute of Building Sciences, a nongovernmental, nonprofit organization authorized by Congress to encourage and accelerate the introduction of existing and new technology into the building process. An article in the publication “Excellence in Facility Management—Five Federal Case Studies” recognized the challenges faced in maintaining beautiful, old, and historically significant buildings and commended USDA for its Energy Management Program and for “going the extra mile” for the betterment of the facilities.

### **Welfare to Work (W2W) Goal**

USDA’s OHRM has Departmentwide leadership responsibility to develop and implement this Welfare to Work (W2W) Presidential Initiative. USDA works with the National Performance Review (NPR) and Office of Personnel Management (OPM) to refine the requirements of the initiative, identify barriers and challenges, and develop appropriate regulations. In less than 3 years, USDA has hired 374 employees under this initiative. This number for 1999 is just one less than the goal of 375 hires by the end of fiscal year 2000. Not only is USDA committed to helping welfare recipients obtain employment, USDA is committed to helping hired employees advance. For example,

#### **USDA Acquisition Toolkit Provides Innovative Web Technology to User Community**

USDA deployed its Acquisition Toolkit via the Internet on March 27, 1998, offering users substantial time savings in the procurement process. One tool (direct access to the Department of Labor Service Contract and Construction wage determinations) gives agency procurement personnel immediate access to wage determinations that can be incorporated as official determinations in contract solicitations. Downloading time for this system averages 5 minutes. Previously, acquisition personnel had to request such determinations manually with administrative lead times averaging 30 days. This new Toolkit offers the users and customers of the USDA acquisition community a suite of tools selected from commercial and government acquisition solutions. The USDA Acquisition Toolkit can be found on the USDA Procurement Home Page at [www.usda.gov/da/procure.html](http://www.usda.gov/da/procure.html)

## Marketing and Regulatory Programs (MRP)

established a website of W2W contacts for Federal, State, nonprofit, and community-based organizations to assure wide distribution of MRP's vacancy announcements. MRP has hired more than 100 former welfare recipients. Rural Development brings employees in at the GS-3 level, then provides training and experience leading to the GS-7 level.

## USDA Creates Departmental Office of Ethics

An Office of Ethics was established under the Assistant Secretary for Administration to support and oversee ethics training, counseling, and financial disclosure throughout the Department. Among other start-up activities, this office is engaged in developing new, more efficient means of reaching USDA employees worldwide with guidance regarding the executive branch-wide Standards of Conduct, the criminal code on conflicts of interest, and the Hatch Act rules governing political activity by government employees.

## USDA Establishes a Conflict Resolution Center

A USDA Conflict Prevention and Resolution Center was established in March 1998. This office is charged with promoting effective conflict management practices to address disputes with customers and employees. The center's emphasis will be on providing education to develop conflict resolution skills, as well as greater use of alternative dispute resolution techniques to resolve disputes quickly and inexpensively.

## USDA Agencies and Acronyms

- **AMS** - Agricultural Marketing Service
- **ARS** - Agricultural Research Service
- **APHIS** - Animal and Plant Health Inspection Service
- **CNPP** - Center for Nutrition Policy and Promotion
- **CSREES** - Cooperative State Research, Education, and Extension Service
- **ERS** - Economic Research Service
- **FAS** - Foreign Agricultural Service
- **FNS** - Food and Nutrition Service
- **FS** - Forest Service
- **FSA** - Farm Service Agency
- **FSIS** - Food Safety and Inspection Service
- **GIPSA** - Grain Inspection, Packers and Stockyards Administration
- **NASS** - National Agricultural Statistics Service
- **NRCS** - Natural Resources Conservation Service
- **RBS** - Rural Business - Cooperative Service
- **RHS** - Rural Housing Service
- **RMA** - Risk Management Agency
- **RUS** - Rural Utilities Service

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# 1998 Accomplishments—Year at a Glance

*Our USDA successes for 1998 included—*

## **Expanding opportunities and assistance for America's family farmers**

- President Clinton fought for and won a strong emergency assistance package for America's farmers—one that includes 40 percent more funds than the original bill he vetoed. Nearly \$3 billion in assistance reached farmers before Thanksgiving, and an additional \$3 billion will be distributed before spring 1999.
- USDA's Commodity Credit Corporation (CCC) made commodity loans of about \$7.2 billion to producers, \$1.6 billion higher than last fiscal year. To offset lost farm income, CCC will also make about \$2.8 billion in loan deficiency payments, and marketing loan gains on 1997 and 1998 crops.
- Using sound science, USDA broke through 77 barriers stifling U.S. farm trade, enabling \$2.2 billion in threatened and new agricultural trade opportunities to take place. Carrying out President Clinton's Food Aid Initiative, the Department began purchases of more than 185 million bushels of wheat for donation to hungry people around the world. We increased by 40 percent—to \$4 billion—the export sales registered under our export credit guarantee programs. This enabled U.S. exporters to complete sales of 201 million bushels of wheat, 227 million bushels of corn, 104 million bushels of soybeans, and nearly 2 million bales of cotton.
- USDA led successful discussions with Canada about access for U.S. wheat, cattle, hogs, and other trade issues. USDA opened the Taiwanese market for U.S. pork, poultry, and beef—and reopened Brazil's market for U.S. wheat.
- USDA's Farm Loan Program provided over \$2.1 billion in assistance to over 26,000 family farmers in FY 1998. About \$367.1 million of these funds helped 3,186 minority and women farmers. And more than \$490 million in direct loan assistance benefitted over 7,000 beginning farmers this fiscal year, a 6-percent increase.
- USDA responded quickly when farmers suffered devastating losses, approving disaster designations for counties in 43 States. The Department made over \$97.5 million in low-interest emergency loans and disbursed \$26.5 million in emergency conservation funds. USDA provided \$22.9 million in emergency benefits to farmers with uninsurable crops, \$2.8 million to orchard and vineyard owners, and \$4.9 million to livestock producers.
- USDA added economic and legal expertise to strengthen investigations of anticompetitive practices that hit small farmers and ranchers hardest.
- To help avert a repeat of 1997's gridlock in rail transportation, USDA hosted a National Summit on Agricultural Transportation, which set the groundwork for a comprehensive plan to meet agriculture's long-term transportation needs. The Department also created an early warning system to anticipate demand for railcars by grain shippers.
- USDA proposed the first rule on national standards for organic foods, using the Internet in an unprecedented public review and comment process. The Secretary also offered a proposal to reform Federal dairy policies.
- For the first time, USDA—not the U.S. Bureau of the Census—conducted the census of agriculture. And, for the first time, all farmers on American Indian reservations were counted.
- USDA took new steps to improve the safety net for farmers, expanding crop insurance to new crops and new areas. More than \$1.4 billion in crop insurance indemnities—a record—were paid out to farmers.

## **Creating jobs and helping to revitalize rural America**

- USDA helped 68,000 rural Americans buy homes and created or saved 215,000 rural jobs in 1998. The Department invested more than \$9 billion in rural development projects. In FY 1998, USDA invested \$4 billion to help rural Americans buy or build single-family houses, making the dream of home ownership a reality for 68,000 households.
- USDA also helped renters, spending \$219 million for loans and grants for the construction of 3,942 affordable apartment units and the repair or upgrade of 5,682 apartments in rural areas. USDA provided \$545 million to help low-income rural renters.
- USDA provided \$286 million in loans and grants to build or expand community facilities that benefit more than 2.7

million rural residents. These investments include more than \$110 million for 147 rural health care facilities, \$13 million for 46 child care centers, and \$36 million for 262 fire and rescue facilities. Another \$54 million helped develop other community resources, including job training facilities, libraries, and courthouses.

- At \$60 million, USDA loans to rural cooperatives nearly doubled this year. The Department has earmarked \$200 million for funding co-ops in 1999.
- USDA provided \$1.3 billion in loans and grants to build or improve 1,021 water and sewer systems, helping to bring clean, safe drinking water to more than 2 million rural Americans.

### **Ensuring wise stewardship of the land**

- CCC expanded the Conservation Reserve Enhancement Program to help six States, protecting New York's drinking water as well as habitats for endangered salmon and trout in the Pacific Northwest.
- CCC enrolled 211,917 acres in the Wetlands Reserve Program in fiscal year 1998. This brings the total area that is being restored and protected under the program to 665,447 acres.
- USDA began implementing the Wildlife Habitat Incentives Program in fiscal year 1998. Landowners enrolled more than 670,000 acres in long-term agreements under the new program, in return for technical and financial assistance from USDA.
- USDA provided technical assistance to more than 740,000 farmers, ranchers, other land users, and units of government. As a result of these services, the planning decisions and management applied by resource managers on about 61 million acres of agricultural and other rural land will help to sustain resource productivity and enhance environmental quality.
- USDA provided \$17.2 million to 19 States through the Farmland Protection Program, leveraging about \$95 million in state and local funds, to preserve endangered American farmland.
- The USDA funds helped acquire permanent easements to preserve almost 45,700 acres in agricultural use. Over the 3 years of the program, more than 127,000 acres have been protected.
- USDA worked with State and local governments and other Federal agencies to begin implementation of the President's Clean Water Action Plan. Unified Watershed Assessments were completed in every State to identify watersheds with the most critical water quality concerns and to develop strategies to improve water quality in high priority watersheds. In addition, USDA and the U.S. Environmental Protection Agency developed a draft Unified National Strategy for Animal Feeding Operations (AFO's) and released it for public comment. The Strategy identifies national performance expectations for AFO owners that will reduce potential water quality risks posed by animal feeding operations.
- USDA employees at the Camino Real Ranger District in New Mexico won the prestigious Innovations in American Government Award for unifying a deeply divided forest community.
- USDA embarked on an ambitious natural resources agenda for the 21st century, setting clear priorities for scientists and managers and holding them accountable for sustaining the health of America's forests and grasslands.
- To prevent further damage by the dangerous Asian long-horned beetle, USDA banned untreated solid wood packing materials from China and helped remove more than 2,500 afflicted trees in New York.
- USDA has lifted all Florida Mediterranean fruit fly quarantines, and no Mediterranean fruit flies have been detected in Florida since 1998. The Department is working toward its eradication in California to protect valuable fruit and vegetable crops.
- The Department collected approximately \$20 million from 65 recreation fee demonstration projects on national forests and grasslands in 1998. Most of these funds are used to maintain and improve trails, recreational facilities, visitor services, signs, and health and safety features for the forests' and grasslands' 800 million visitors.
- USDA researchers developed an award-winning bio-pulping technology that uses wood-decay fungi to soften wood chips, eliminating environmental problems, reducing energy costs by at least 30 percent, and producing stronger paper.
- In 1998, USDA launched a new approach to forest road management to improve service to users, protect environmental values, enhance public safety, reduce damage to the environment, and better serve local transportation needs. A moratorium was proposed on new road construction in certain unroaded national forest areas.

### **Modernizing our food safety system, using science to ensure safety from farm to table**

- USDA implemented HACCP, the new, science-based food safety inspection system, in the Nation's 300 largest meat and poultry plants. Preliminary data indicate that the new system is already working, reducing Salmonella dramatically in pork and broiler chickens.
- President Clinton established the President's Council on Food Safety to coordinate resources and policies to better prevent foodborne illness. He also set up the Joint Institute for Food Safety Research to ensure effective coordination of research among food safety agencies and FORC-G to ensure a rapid and effective government response to foodborne illness outbreaks.
- USDA researchers developed an anti-Salmonella spray that may help poultry producers significantly reduce Salmonella contamination on the farm. They also created a new variety of corn that can reduce phosphorous in pig and chicken waste by 50 percent.

### **Feeding America's hungry children and families—and promoting food recovery**

- USDA nutrition assistance programs helped feed about 1 in 10 Americans. In 1998, nearly 20 million needy people received food stamps to help feed their families. More than half of the 5 billion school meals served to children this year were provided free or at a reduced price. And USDA's WIC program provided nutritious supplemental foods to 7.4 million at-risk women, infants, and children to help ensure a healthier America.
- Congress passed President Clinton's legislative proposal to reauthorize child nutrition programs, including an expansion of after-school snack programs so communities can move teens off the streets. The President also successfully fought for restored food stamp benefits for our most vulnerable legal immigrants, including children.
- USDA's Inspector General's "Operation Talon" caught more than 3,500 fugitive felons, many of them violent offenders, who were former food stamp recipients.
- USDA employees donated hundreds of thousands of pounds of food to community kitchens, and field-office gleaning efforts delivered tons of fresh produce to families in need.

### **Aggressively addressing long-standing civil rights issues**

- President Clinton and I won congressional passage of a waiver of a statute of limitations, so USDA could settle older civil rights cases. The Department restaffed its civil rights enforcement unit and cut in half the backlog of discrimination complaints. Civil rights training began for all employees.
- The Office of Civil Rights investigated 131 program discrimination complaints in FY 1998. Its investigative unit had been eliminated in 1982, and no more than a handful of cases had been investigated annually since that time.

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## **1. Increasing Production, Trade, and Opportunities for Family Farmers**

### **Farm Service Agency**

#### **Mission**

Farm Service Agency's mission is to ensure the well-being of American agriculture and the American public through efficient and equitable administration of farm commodity, farm loan, conservation, environmental, emergency assistance, and domestic and international food assistance programs.

#### **Farm Safety Net**

#### **Farm Loan Program**

In FY 1998, the Farm Service Agency (FSA) provided over \$2.1 billion in loan assistance to over 26,000 family farmers. The Agency:

- Provided \$789 million in 15,620 direct loans, and \$1.435 billion in 10,557 guaranteed loans to family farmers in rural America.
- Provided \$367.182 million direct and guaranteed loans to 3,186 minority and women farmers in FY 1998, exceeding the targeted allocation set by Congress by 191 percent.
- Provided over \$490 million in direct loan assistance to more than 7,000 beginning farmers, a 6-percent increase over FY 1997.
- Published new proposed rule and developed final rule to streamline the procedures for lenders obtaining FSA loan guarantees.
- Initiated new foreclosure and lending policies at USDA in an effort to assure that no farmers will lose their farm because of discrimination.
- Developed new farm business plan software for use by customers on their home computers as well as by FSA employees. This software will help farmers develop yearly business plans to make their operations as efficient and profitable as possible.
- Decreased direct farm loan delinquency from \$2,124,682,363 in FY 1997 to \$1,764,873,822 in FY 1998. This is significant, considering the low commodity prices and adverse weather conditions that existed throughout the year.
- Decreased the number of Farm Inventory properties from 1,131 in FY 1997 to 791 in FY 1998.

Guaranteed loan delinquency remained low at 2.63 percent, and guaranteed loan loss rate remained less than 1 percent (.78). These figures are significant, considering the low commodity prices and adverse weather conditions that existed throughout 1998.

#### **CCC Nonrecourse Marketing Assistance Loan and Loan Deficiency Payment Program**

Nonrecourse marketing assistance loans, for which production of a commodity serves as collateral, allow farmers to pursue alternative marketing strategies at a time when prices typically are at the seasonal harvest-time lows. Loan deficiency payments (LDP's), an option to loans, provide eligible producers with direct payments when prices are low.

CCC made the following efforts in fiscal year 1998 to help

### Farm Forums

On April 3 in Lexington, Kentucky, Secretary Glickman kicked off the first of seven farm forums around the country. A crowd of 700 farmers, local and State officials, and agribusiness leaders were mainly interested in tobacco issues. Deputy Secretary Richard Rominger had a farm forum April 3 in Orono, Maine, where over 250 farmers raised concerns about dairy policy, Canadian imports, and ice damage. On April 6 Deputy Secretary Rominger spoke to over 200 farmers in Greenville, Florida. On April 7, Secretary Glickman met with over 200 farmers in Las Cruces, New Mexico, and Deputy Secretary Rominger met with nearly 200 farmers in Salinas, California, the same day about dairy and pesticide concerns. In Aberdeen, South Dakota, Secretary Glickman talked with farmers about cattle prices and wheat issues, and on April 8 in Ames, Iowa, Secretary Glickman and Deputy Secretary Rominger hosted another town hall meeting with 500 farmers on the campus of Iowa State University.

offset farm income losses due to low prices and the adverse effect of natural conditions on the quality of farmers' output:

- Made a total of \$7.2 billion in marketing assistance loans to producers. This was \$1.9 billion higher than the previous fiscal year, when prices were generally much higher.
- Held forfeitures to a fraction of the levels observed in the mid-1980's when crop prices were also low.
- Broadened the eligibility for marketing loans and loan deficiency payments. For example, the change allowed producers who harvested corn for silage to be eligible for marketing assistance loans and LDP's and for producers with sample grade wheat, contaminated corn, or other below grade commodities also to be eligible for these benefits.
- In September 1998 made \$3.2 billion in final Production Flexibility Contract payments for FY 1998, bringing the total for the fiscal year to \$5.66 billion.

### Emergency Assistance

CCC and FSA have:

- Approved disaster designations for counties in 43 States.
- Developed the FSA Hay Net, a program helping producers in need of hay to connect with those that had it.
- Approved haying and grazing of CRP acres in many States to allow producers to feed cattle in disaster-stricken areas.
- Made over \$97.5 million in low-interest emergency loans.
- Disbursed \$26.5 million in Emergency Conservation Program cost share assistance.
- Disbursed \$22.9 million in Noninsured Disaster Assistance Program benefits.
- Disbursed \$2.8 million in Tree Assistance Program benefits.
- Disbursed \$4.9 million in Livestock Indemnity Program payments. Administered additional programs to producers as a result of legislation providing over \$6 billion for economic and natural disaster relief. In addition, as announced by the Vice President on January 8, 1999, USDA will make about \$50 million in direct cash payments to hog producers and increase funding by \$80 million for the hog pseudorabies eradication program.

### USDA Responds to Natural Disasters Hurting Agriculture

- In June 1998, CCC authorized emergency grazing of Conservation Reserve Program acreage in Montana, North Dakota, South Dakota, and Texas, where severe weather conditions had depleted hay supplies or impaired the growth of hay and pasture. In addition, FSA allocated \$730,000 in Emergency Conservation Program funds to six Montana counties to help livestock producers provide water to livestock.
- On July 9, Secretary Glickman declared Florida a disaster area, making farmers throughout the State eligible for low-interest emergency loans from FSA to recover from damage related to fire and drought. Also on July 9, the Secretary met with farmers and State agricultural officials in the Orlando area, to review the agricultural damage in the State.
- In July, Secretary Glickman declared Georgia, Florida, and many counties in Texas to be disaster areas, making farmers and ranchers in those places eligible for emergency loans from USDA. In addition, to alleviate the drought-induced forage shortage, CCC allowed farmers in Texas to use hay land enrolled in the Conservation Reserve Program on an emergency basis, and allowed emergency grazing in 10 other States for the same reason.
- On July 28 and 29, Secretary Glickman toured farms hurt by the drought in Oklahoma and Texas to inspect drought damage and met with agricultural leaders and experts in College Station, Texas, to assess the economic implications of the disaster.
- On July 29, Secretary Glickman held a round table on the drought and its effects on the Texas economy, with State officials, farmers, and academics at Texas A&M University.
- Following the President's announcement on July 23, 1998, that Texas farmers and ranchers are eligible for low-interest loans from FSA to help them recover from the

### Conservation

### **Conservation Reserve Program**

CCC has:

- Made the Conservation Reserve Program (CRP) more environmentally sensitive and sound.
- Enrolled nearly 23 million acres of America's most environmentally sensitive lands for protection in the CRP, freeing up millions of acres of cropland to be put back into production.
- Broadened the Conservation Reserve Enhancement Program (CREP) using State and Federal resources to help solve environmental problems. This program provides a framework for CCC to work in partnership with States and local interests to meet State-specific environmental objectives. CREP proposals have already been approved in Maryland, Minnesota, Illinois, New York, Oregon, and Washington.

effects of natural disasters, Secretary Glickman on July 26 extended the same assistance to Oklahoma farmers and ranchers.

- On August 5, Secretary Glickman declared the entire State of South Carolina a disaster area. By the beginning of August, CCC designated 143 counties in 11 States allowing eligible producers to hay and graze Conservation Reserve Program acreage in response to feed shortage conditions.
- Touring agricultural damage near Sydney, Texas, August 11, Secretary Glickman designated all or parts of Iowa, Montana, and Wyoming as disaster areas, making farmers and ranchers there eligible for low- interest economic emergency loans.

### **Food Relief Efforts and Food Security**

- Continued to expedite shipment of food in response to natural disasters and economic hardship. FSA assisted in providing over 900,000 pounds of food to victims of Hurricane Georges in Puerto Rico.
- Worked closely with the Agency for International Development (AID) to advance purchase a variety of commodities used under the provisions of Public Law 83-480 for food assistance overseas and store the products at a U.S. port for use in emergency situations. Over 37,000 metric tons of product were handled throughout the year.
- Undertook special efforts to respond to several world emergency food situations. About 200,000 metric tons of assorted food were purchased and delivered to North Korea through the World Food Program. In response to the crises in Indonesia, CCC purchased nearly 60,000 metric tons of food. This fall, the emergency appeal for the Balkans region which includes Serbia and Kosovo resulted in the emergency purchase of 15,000 metric tons of wheat flour.

### **President's Food Aid Initiative**

In July, President Clinton announced a Food Aid Initiative under which surplus commodities that were removed from the domestic market by CCC were disposed of through donations.

#### **Conservation Reserve Enhancement Program**

On August 26, Secretary Glickman announced \$10.4 million in CCC funding for the New York City Watershed Conservation Reserve Enhancement Program (CREP), a Federal-State initiative to protect New York City's drinking water.

This activity included:

- The purchase of 1.26 million metric tons (MT) of wheat which will be donated through various food aid programs.
- Preparations to purchase another 3.74 million MT to meet the President's goal of removing 5.0 million MT of wheat from domestic markets.

### **Food Recovery**

- In the fall of 1997, USDA hosted the first National Food Recovery and Gleaning Summit to bring together public interest groups, the private sector, farmers, and others to discuss hunger and food recovery. Summit participants set a national goal of increasing food recovery by 33 percent. As a result of the summit, FSA has initiated gleaning activities in at least 26 States. Crops gleaned include apricots, apples, blueberries, cabbage, cantaloupe, celery, cherries, sweet corn, cucumbers, grapefruit, green beans, melons, peaches, peas, peppers, potatoes, squash, strawberries, sweet potatoes, tomatoes, and wheat.
- At least 14 new farmers markets were opened in at least 9 States.

## Civil Rights

- Trained 25,581 FSA employees (97 percent of total) on the Introduction to Civil Rights.
- Developed a new system to process program complaints using a centralized factfinding office located in Montgomery, Alabama, which reports directly to FSA's Office of Civil Rights and Small Business Utilization Staff (CR&SBUS). Now, cases are independently reviewed in the field and analyzed by the headquarters CR&SBUS within an average of 47 days.

### Voice for Freer World Trade

On January 7, 1998, Secretary Glickman addressed the Oxford Farming Conference in Oxford, England. He reported on the status of the U.S. agricultural policy and discussed a number of other critical trade matters, including food safety standards based on sound science. He advocated moving world agricultural trade toward a "more open, free and fair global marketplace."

## Foreign Agricultural Service

### Mission

The mission of USDA's Foreign Agricultural Service (FAS) is to serve U.S. agriculture's international interests by expanding export opportunities for U.S. agricultural, fish, and forest products and by promoting world food security.



### USDA Goal: Expanding economic and trade opportunities for agricultural producers and other rural residents

In 1998, CCC made full use of its export credit guarantee programs to support U.S. exports; these programs were especially helpful in keeping U.S. products flowing to the troubled markets of South Korea and Southeast Asia. For FY 1998, CCC announced the availability of nearly \$5.8 billion in GSM-102 credit guarantees, compared with \$3.96 billion in 1997. In FY 1998, export credit guarantee programs facilitated the sale of over \$4 billion in U.S. agricultural products.

### Export Initiative for North Dakota

The Foreign Agricultural Service, working with the North Dakota State Department of Agriculture and the Mid-America International Agri-Trade Council, led an outreach effort to stimulate North Dakota's value-added agricultural exports and support efforts to generate additional economic activity in the depressed agricultural sector of the State. In June, FAS completed an outreach mailing of export assistance materials to more than 1,200 agricultural processors and wholesalers in the State, including more than 400 grain establishments handling grain and soybean commodities.

Secretary Glickman reactivated the Export Enhancement Program (EEP) to partly compensate U.S. poultry producers for markets lost in Europe. He also announced an EEP initiative for barley in response to the European Union's heavily subsidized sale of barley into the U.S. market. Under the Dairy Export Incentive Program, Secretary Glickman has authorized export bonuses up to the maximum volume and spending limits consistent with our World Trade Organization (WTO) obligations.

USDA worked successfully to open, expand, and maintain markets for U.S. agriculture. In February, the United States and Taiwan signed a market access agreement that has Taiwan lifting its import bans and allowing access for U.S. pork, poultry, and variety meats. Upon Taiwan's accession to the WTO, Taiwan will cut tariffs and open tariff-rate quotas on a range of agricultural products. In May, the WTO ruled that the European Union must bring its ban on meat from animals treated with growth-promoting hormones into compliance with the WTO panel and appellate body rulings by May 13, 1999. USDA is working to address issues and ensure support for the safe use and trade of agricultural biotechnology products. USDA is working bilaterally with key trading partners such as Argentina, Chile, Japan, and Canada, as well as multilaterally through

**Program Development Division, Export Credits Program Area**

Five employees in the FAS Export Credits area partnered with five private voluntary organizations to streamline the funding process to private organizations for humanitarian food distribution. This team is a great example of reinvention, and it won Vice President Gore's Hammer Award. They cut cycle time from 41 to 7 business days, cut hands-off from 10 to 5 people, cut administrative costs by almost \$1 million in 1 year, and increased U.S. commodities purchased and food distribution by 28 percent.

organizations such as the Asia Pacific Economic Cooperation (APEC) forum.

The U.S. Government continues to implement two major trade agreements—the Uruguay Round Agreement on Agriculture and the North American Free Trade Agreement (NAFTA)—as well as numerous bilateral agreements to open markets for U.S. agricultural products. U.S. exports to our two NAFTA partners—Canada and Mexico—continue to be a bright spot in the export picture. Exports to those two countries were expected to account for 24 percent of total U.S. agricultural exports in FY 1998.

**Risk Management Efforts for Socially Disadvantaged Farmers**

On March 24, USDA Risk Management Agency staff participated in a Risk Management Education Work Group with a community college and North Carolina Extension staff to design outreach activities directed to agribusiness and farmers, especially limited-resource and socially disadvantaged farmers, in an eight-county area in the Kenansville, North Carolina, area. Also on March 24-25, RMA staff attended the Native American Federal Resources Forum in Helena, Montana, showcasing how USDA's programs can serve American Indians.

Training under the Cochran Fellowship Program can have many positive impacts. For example, in 1993, You Xim Sun was the assistant manager of the Shanghai No. 1 Provisions Store—a store owned by the Chinese government. While participating in the Cochran Fellowship Program, he learned about the possibilities of an open distribution system in a market economy. With this vision of the future in China, he left his job with the state-owned company and set up his own business. He now runs a successful company that imports food ingredients from the United States and other countries.

Glenzie Kazi of South Africa participated in a horticultural training program under the Cochran Fellowship Program in 1996. After returning to South Africa, Ms. Kazi took over her father's nursery business. With ideas she had learned in the United States, she bid for and won three large landscaping contracts. She hired 12 new employees and is training four students from the local agricultural school.

To foster better agricultural trade and development cooperation, USDA is participating in bi-national commissions with key countries such as Argentina, Chile, Russia, South Africa, and Ukraine. This participation ensures that agricultural issues are represented in discussions with these key trading partners.

Since 1984, USDA's Cochran Fellowship Program has provided U.S.-based training for over 6,060 international participants from 56 countries worldwide—middle-income countries, emerging markets, and emerging democracies. Training opportunities are for senior- and mid-level specialists and administrators from the public and private sectors who are concerned with agricultural trade, agribusiness development, management, policy, marketing, and technology transfer. In FY 1998, 567 Cochran fellows from 48 countries received training in the United States.

In 1998, FAS teamed up with the National FFA organization and the United Negro College Fund to provide college students with opportunities to work at agricultural offices in U.S. embassies overseas for up to 3 months. In 1998, FAS offices in Argentina, Austria, Belgium, China, Morocco, Poland, Singapore, South Korea, Spain, Taiwan, and Venezuela participated in the program, providing training and work experience to 15 college students interested in careers in international agricultural trade and related industries.

On August 5, the U.S. embassy in Nairobi, Kenya, was destroyed by a terrorist bomb. A Kenyan citizen working for the FAS

office was killed by the bomb blast, and three other FAS employees were injured. Newly enacted legislation will provide compensation to the hundreds of Kenyans who were injured and the families of those who were killed. In addition, USDA employees established a fund to help the victims of this tragedy.

### **USDA Goal: Ensuring food for the hungry, and a safe, affordable, nutritious, and accessible food supply**

The United States continues its strong commitment to the World Food Summit goal of reducing the number of undernourished people by half by the year 2015. The U.S. action plan, which will outline U.S. proposals to reduce hunger both in the United States and around the world, will be issued in early 1999.

#### **Funding Risk Management Initiatives for Minority Farmers**

On June 26, USDA awarded an \$85,000 grant to the Salinas, California, Rural Development Center to improve the risk management skills of more than 300 Latino family farmers. And on June 27, USDA awarded a \$60,000 grant to develop a risk management education program to benefit Hmong and other Southeast Asian farmers as they begin farming careers near Fresno, California.

In FY 1998, the United States provided about 3.5 million tons of food aid to needy countries. (Programs under which food aid is provided are: Titles I, II, and III of Public Law 480, the Food for Progress Program, and Section 416(b).) In addition to the food aid provided under these authorities, President Clinton in July announced a new Food Aid Initiative which is expected to provide 5.0 million metric tons of wheat and wheat products once fully implemented. The initial 2.5 million metric tons were allocated within 3 months.

### **USDA Goal: Effective customer service and efficient program delivery**

FAS opened an office at the U.S.-Mexican border to help identify and resolve border trade issues that impede U.S. agricultural exports. The office, located in Nuevo Laredo, Mexico, also conducts outreach activities into border communities in the United States and Mexico to explain USDA trade programs. U.S. exporters sold more than \$5 billion worth of agricultural products to Mexico in 1998, making Mexico our third largest export market.

FAS also opened two new regional export assistance centers in 1998 in Atlanta, Georgia, and Sacramento, California. These offices are developing partnerships with key groups such as State departments of agriculture, universities, trade and economic development groups, State and local governments, regional trade centers, and food industry and farm organizations to alert them to overseas opportunities and sources of private and public export assistance. FAS also has export assistance offices in Des Moines, Iowa, and Portland, Oregon.

## **Risk Management Agency**

### **Mission**

The Risk Management Agency will provide and support cost-effective means of managing risk for agricultural producers in order to improve the economic stability of agriculture.

In April 1998, Secretary Glickman announced steps that USDA would take to improve the safety net for U.S. farmers, including measures to improve the crop insurance program. During the year, the Risk Management Agency (RMA) began or accomplished these initiatives: (1) expanded crop insurance to new crops and new areas (ongoing); (2) suspended the controversial Nonstandard Underwriting Classification System (effective 1999); (3) revised prevented planting provisions (effective 1999); (4) made coverage available more quickly (ongoing); and (5) developed new pilot programs providing producers with increased coverage (effective 1999).

RMA is committed to helping producers find efficient and affordable means of managing risk in order to improve the

economic stability of agriculture. In 1998, the agency implemented new pilot programs for sweet potatoes, pecans, and avocado and mango trees, and approved pilot programs for watermelon, rangeland, wild rice, cherry, cabbage, winter squash, mustard, and crambe for the 1999 crop year. RMA also developed an innovative new revenue policy, raised coverage levels to 85 percent for various policies, revised its current nursery program, and made critical changes to several other existing crop policies.

## Response to Farm Crisis

RMA responded decisively to the distress of farmers affected by declining prices and the catastrophic effects of several years of disastrous weather, including those resulting from El Niño. In the South and West, deviations were approved in the standard loss adjustment procedure for cotton farmers suffering from drought. In the Northwest and Northern Plains, the following changes were approved for the 1999 crop year: (1) new options to existing programs were added to counteract the effects of multiple years of losses, (2) Income Protection for barley was expanded to several States, (3) crambe and mustard crop insurance programs were developed for 18 North Dakota counties, and (4) current programs were expanded, including canola for North Dakota and Revenue Assurance for corn and soybeans in Illinois, Minnesota, and South Dakota. Recommendations were solicited for the development of a pilot program to better protect growers from losses due to wheat scab. In addition to these mostly long-term measures, RMA will pay hard-hit producers an estimated \$1.7+ billion in claims for 1998 losses, including over \$556 million in Texas, \$96.6 million in North Dakota, \$114.7 million in Georgia, \$95.1 million in California, and \$78.9 million in Minnesota.

## Agricultural Research Bill

On June 3, President Clinton signed the Agricultural Research, Extension, and Education Reform Act of 1998, Public Law 105-185, sending a message to producers that the Administration was committed to stabilizing and strengthening the crop insurance program. The Act ensured the stability of the program by meeting budget targets and providing permanent funding from (1) offsets from the food stamp administration surplus, (2) decreased compensation to insurance companies, and (3) increased producer fees.

## Risk Management Education

The Risk Management Education (RME) initiative was established by Secretary Glickman in 1997 to foster partnerships between the private and public sector that would lead to the creation of a comprehensive RME program. In

### USDA Expands Crop Insurance Protection

On May 8, the Federal Crop Insurance Corporation Board of Directors voted unanimously to authorize a pilot crop insurance program to increase coverage from 75 percent to up to 85 percent of a farmer's individual yield; to expand the income protection pilot plan for wheat to include all of Montana, Oregon, South Dakota, and Washing-ton; to expand the group Risk Plan crop insurance pilot to test rangeland in 12 Montana counties; to approve a new pilot program for avocado fruit in Dade County, Florida; and to make several improvements to the Crop Revenue Coverage for wheat.

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“The two biggest improvements are the ease of starting up and getting into the nursery insurance program, and the fact it adds. . . about 40 percent of the plant material grown in Oregon that was previously uninsurable. That is probably the biggest thing.” —Tom Fessler of Woodburn Nursery and Azaleas Incorporated and past president of the Oregon Association of Nurserymen

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“Crop insurance has been our salvation. . . . If it had not been for crop insurance after the devastating losses in 1994 and 1996, we would not have been able to continue.”—Georgia producer Duke Lane, Jr., owner of the second largest peach operation in the United States

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Without crop insurance protection to help survive the effects of El Niño, third-generation peach farmer Lewis Holmes says, “I would have had to fold my tent. . . . I am willing to work with the local office in Valdosta, Georgia, and Washington officials to help forge a better risk management program to benefit all farmers. We need to protect American farmers so that they can provide our great country with the food and fiber that our people so richly deserve.” —Lewis F. Holmes, III, member of the Board of Directors of the South Carolina Peach Council

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“The Cherry Pilot Crop Insurance program is providing a risk management tool to cherry growers that has never been available before . . . . The pilot could not have been approved at a better time.” —Nora Baldwin, owner of Homestead Orchards in Washington State

1998, Secretary Glickman awarded \$3 million in grants to 17 of the 107 applicants who responded to the call for proposals. RMA, the lead government agency, also conducted more than a dozen State and regional conferences to “train the trainers.”

### **Dairy Options Pilot Program**

On June 8, 1998, Secretary Glickman launched the \$11 million options pilot program for dairy producers, observing that “with this innovative program, CCC will build on its efforts to help farmers—both large and small—to manage risk.” The first RMA program to use futures markets as a risk management tool, the pilot project allows farmers to offset their losses when milk prices fall, based on projected future earnings.

### **New Revenue Insurance Policies**

In September 1998, the Secretary announced the approval of the Adjusted Gross Revenue (AGR) pilot program, observing that “If this experiment succeeds, we will be closer to the day when we can cover all crops.” The AGR policy will insure a percentage of multiple commodities under one policy, and base coverage on an adjusted 5-year average of gross income reported by the farmer on Schedule F of his or her tax return.

### **Expansion of Covered Crops**

For the 1998 crop year, RMA expanded 28 current crop programs into an additional 187 counties. This expansion added to the staggering national total of 28,154 county crop programs in 2,983 counties. In 1999, expansions will include canola, blueberries, income protection for barley, crop revenue coverage (CRC) for rice, and revenue assurance for corn and soybeans. CRC coverage will also be available for corn, cotton, grain sorghum, and soybeans in Florida and Maryland counties where the crop is already insured under a standard crop insurance policy.

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## FY 1998 Annual Report of the Secretary of Agriculture

### USDA: Preparing for a New Millennium

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## 2. Providing Tools for Wise Stewardship of the Land

USDA's Natural Resources and Environment mission area plays a vital role in the management and conservation of the Nation's land, natural resources, and natural heritage. USDA's Forest Service and the Natural Resources Conservation Service share responsibility for fostering sound stewardship on 75 percent of the country's total land area.

The Forest Service mission is to sustain the health, productivity, and diversity of the land to meet the needs of present and future generations. The Forest Service carries out its mission in several ways: through wise care and stewardship of national forests and grasslands; through cutting-edge research programs which promote conservation, recycling, and new technologies that support ecologically sustainable development; and through State and private forestry programs which help deliver the benefits of conservation to hundreds of communities and States across the Nation.

The Forest Service manages 191.6 million acres of public lands, made up of 155 national forests and 20 national grasslands in 44 States, Puerto Rico, and the Virgin Islands. The Forest Service challenge on the eve of the 21st century is to manage the people's forests and grasslands through a new natural resource agenda with health of the land as the primary objective.

#### **Improvements to Conservation Reserve Program**

On January 29, Secretary Glickman announced results of the 16th signup for CCC Conservation Reserve Program (CRP), bringing 5.9 million environmentally sensitive acres into the program, greatly increasing the conservation value of the program.

The Natural Resources Conservation Service (NRCS) mission, "to provide leadership and administer programs to help people conserve, improve, and sustain our natural resources and environment," provides the foundation for the conservation leadership role it has earned. For 6 decades, NRCS has worked side by side with landowners, conservation districts, State and local governments, and urban and rural partners to restore and enhance the American landscape. The agency provides direct technical assistance and conducts a broad range of programs to address farmers' and ranchers' natural resource concerns on millions of acres of private lands.

Although the programs of these agencies differ, both are defined by profound land and service ethics which guide their common mission: to promote diverse, healthy, and sustainable ecosystems by restoring and sustaining the integrity of soil, air, water, biological diversity, and ecological processes. By making resource management decisions in the context of the full system, the agencies ensure that products, values, services, and uses desired by people are produced in ways that sustain a healthy and productive Nation and environment.

## Forest Service

### Sustaining Our Natural Resource Legacy

As the Forest Service enters its second century, it is advancing a strong, broad-based natural resource agenda that sets clear priorities for its scientists and managers, holding them accountable to the American people for sustaining the health of the land.

In support of the agenda, the Forest Service is focusing special attention on four areas: Watershed health and restoration; Sustainable forest management; National forest roads; and Recreation.

In autumn 1998, the Forest Service released *Charting our Future: A Nation's Natural Resource Legacy*, a publication that presents a conservation vision for public lands in the 21st century. It is a call to action, both for Forest Service employees and for the many organizations and people who depend upon and care for the national forests and grasslands.



*Forest Service employee Karl Perry explaining minerals to a forest visitor.*

### Making a Difference on the Ground

In 1998 Forest Service Chief Mike Dombeck awarded more than 100 natural resource agenda grants worth more than \$2 million to a wide array of projects that included community forestry, outreach to urban communities, interpretation and education, noxious weed eradication, watershed and road rehabilitation, wildlife and fisheries projects, forest management, research on assessing harvest methods, forest stress, watershed restoration, sustainability, and more. The grants were awarded to National Forests, Research, and State and Private Forestry programs.

### Working Together

The Sustainability Roundtable made up of over 30 leaders of Federal agencies and State, county, tribal, and nongovernmental organizations (including environmental, industry, landowner, and community groups and professional societies) was formed in 1998. The Roundtable was brought together by Secretary Dan Glickman and Forest Service Chief Mike Dombeck to help realize the President's commitment to achieve sustainable forest management by the turn of the century. The overall goal of the Roundtable is to bring people together to foster common goals for sustainable forests and grasslands.

#### **Community-Based Ecosystem Restoration Team—10 Federal Agencies and State of Oregon Share Hammer Award**

The Governor of Oregon and 10 Federal agencies signed a Memorandum of Understanding committing to a common vision and strategy focusing on the goal of healthy ecosystems rather than the means and processes to achieve it. This has empowered and encouraged local community-based, watershed council efforts to develop and implement ecosystem plans that address all lands and issues in the watershed. The Federal agencies involved are Forest Service, Natural Resources Conservation Service, Fish and Wildlife Service, Bureau of Indian Affairs, Bureau of Reclamation, National Park Service, National Marine Fisheries Service, Bureau of Land Management, Environmental Protection Agency, and the U.S. Army Corps of Engineers.

### A Southwest Strategy for Natural Resource Conservation and Community Development

The Forest Service, along with other Federal agencies in Arizona and New Mexico, is working with local communities on a natural resource conservation and community development strategy. This is a collaborative effort to seek solutions to difficult issues such as adjustments to grazing permits, protection of endangered species, and protection and use of water

resources. Awareness of the Southwest Strategy approach continues to spread as a potential model to resolve tough local and regional issues for public land management in the Southwest.

## **Communities Reinvent Government To Protect and Use Public Lands**

In 1998, Under Secretary James Lyons presented representatives of the Diablo Trust with a National Reinvention Laboratory Certificate. Signed by Forest Service Chief Mike Dombeck and Vice President Al Gore, the certificate establishes the Diablo Trust as a National Reinvention Laboratory. Reinvention laboratories are innovative organizations or activities established to test or prototype new reinventing government initiatives. The Diablo Trust is the result of 5 years of effort by ranchers, environmentalists, the Hopi Tribe, Federal and State agencies, college faculty, and others in the Flagstaff, Arizona, area to keep the area's hallmark large-scale landscapes intact. It is the first Reinvention Laboratory focused on ranching and landscape-scale opportunities. The Diablo Trust encompasses 500,000 acres including private lands and a portion of the Coconino National Forest (AZ).

### **Team Oregon Conservation Partnership Wins Hammer Award**

The Natural Resources Conservation Service in Oregon, with assistance from Oregon's Association of Conservation Districts and the Oregon Department of Agriculture, reorganized the traditional line-and-staff structure into eight watershed basin groups. Because of the unique partnership and the streamlined way of conducting business, the Oregon Conservation Partnership has been able to use many existing and emerging conservation opportunities, including salmon restoration activities, water quality implementation, Farm Bill implementation and locally identified issues. This has saved taxpayers time, money, and frustration from bureaucratic duplication.

## **Recreationists Have New Resources**

In 1998, the Forest Service joined with six other Federal agencies under the National Partnership for Reinventing Government to create [www.recreation.gov](http://www.recreation.gov), a new interagency Internet website and search engine that allows users to quickly and easily locate recreation opportunities on Federal lands. Also in 1998, the Forest Service expanded the opportunity for recreationists to reserve space at recreation sites nationwide through a toll-free number, providing a "one-stop" reservation service.

## **Clean Water Act Turns 25**

The Federal Water Pollution Control Act, commonly known as the Clean Water Act, marked its 25-year anniversary in FY 1998. Nearly 80 percent of the Nation's freshwater sources originate on national forest land. In February 1998, President Clinton and Vice President Gore announced a new strategy for addressing water problems across the country in a Clean Water Action Plan. Developed under the leadership of USDA and the Environmental Protection Agency, the plan focuses on: greater Federal, State, and local integration through a watershed approach; connection between water quality and natural resource programs; accelerating watershed and ecosystem restoration; and critical role of collaboration with communities and other local stakeholders.

## **Turning Street Trees Into Sawlogs**

Utilizing City Trees, an award-winning publication by the Forest Service and New Jersey Forestry Services, inspired workshops on the same theme in 1998. The publication and workshops educate and train personnel from tree service companies, lumber manufacturers, municipalities, and State agencies on how to merchandise sawmill-size logs from trees removed from city streets. The strategy turns urban wood waste, a potential cost burden, into an income-producing opportunity. Urban wood recycling efforts are a part of the Forest Service's emphasis on urban and community forestry.

## **Improving the Urban Environment in the Nation's Capital**

On February 3, 1998, Secretary Dan Glickman joined USDA's Forest Service; Natural Resources Conservation Service;

### **Hammer Award to Columbia Gorge Discovery Center**

Usually the Forest Service plans, develops, constructs, operates, and maintains its interpretive centers. When it came time to plan the Columbia River Columbia Gorge Discovery Center in Oregon, the Forest Service entered into a unique partnership with the local government and citizens. A five-member group became the overall responsible governing body of this facility and worked to jointly construct the Discovery Center with the Wasco County Museum. This is a private/nonprofit/ Federal project owned and operated by the private/nonprofit group. The Forest Service serves as a member, not as the controlling organization. This resulted in significant cost savings to government in the construction phase and will result in reduced long-term operation costs. The Forest Service is providing service to the public which features the strengths of the private sector, the support of a community regional nonprofit entity, and the professional capabilities of the Forest Service.

Agricultural Research Service; and Cooperative State Research, Education, and Extension Service; and District of Columbia Government officials to recognize community organizations that will share \$250,000 of Federal Challenge Cost-Share funds. Twelve groups received funds ranging from \$5,098 to \$50,000 to use in implementing Urban Environmental Resource Initiative projects as part of USDA's Plan of Action for the District of Columbia. The Urban Environmental Resource Initiative helps local groups improve their environment through volunteerism and community support. This project is part of the President's Initiative to assist the District of Columbia in improving the health and beauty of its urban environment.

### **Sustaining Forests Globally**

In 1998, Forest Service Chief Mike Dombeck reviewed collaborative programs in Negev, Jerusalem, and the northern Galilee region in Israel. The Forest Service and the Keren Kayemeth LeIsrael World, the land management counterpart in Israel, have been working together on arid and semi-arid afforestation (planting trees where they have not grown before) and watershed management for over 10 years, during which time over 50 technical exchanges involving more than 100 professionals have occurred. The Forest Service is the principal sponsor of the International Arid Land Consortium that researches, develops, and performs demonstration projects in arid lands management.

### **Serving All People**

In 1998, the Forest Service joined with the Bureau of Land Management, the National Park Service, the Bureau of Reclamation, the Army Corps of Engineers, and the Fish and Wildlife Service to improve our ability to serve all of our publics. We joined in an agreement with a nonprofit organization, Wilderness Inquiry, to further the goals of dignity, independence, and social integration in the outdoor recreation environment. Wilderness Inquiry, based in Minneapolis, Minnesota, has been providing recreation and wilderness opportunities for people from diverse backgrounds, including those with disabilities, urban at-risk populations, and single-parent families, for more than 20 years. Services include training, outreach, and development of information. Trips are also available for those who may not be able to experience natural settings on their own.



### **Forestry Is for Farmers Too**

The Forest Service built a partnership in 1998 with the National Black Farmers Association and the USDA Coalition of Minority Employees. The agency is helping its new partners become better informed on landowner assistance programs available through State forestry organizations, and the partners are helping the Forest Service identify interested landowners with limited resources who have been underserved in the past. The Forest Service's Southern Region plays an important role in reaching out to landowners in the South, where additional program services are especially needed.

### **Help for Flooded Areas**

In June and July, USDA approved \$18.9 million for Colorado, New York, Maine, California, South Dakota, Oklahoma, Ohio, Arizona, Alabama, New Hampshire, Vermont, Wisconsin, Mississippi, Minnesota, Indiana, Georgia, and West Virginia, to finance clearing debris from clogged waterways, restoring vegetation, and stabilizing flood-damaged river banks.

## **Natural Resources Conservation Service**

## **Backyard Campaign Brings Conservation Close to Home**

Thanks to the Backyard Conservation Campaign, people across the Nation are discovering that healthier natural resources can start very close to home. Unveiled by Secretary Glickman on Earth Day, April 22, 1998, the campaign continues to generate an avalanche of interest. So far, nearly 300,000 copies of the Backyard Conservation booklet have been distributed, and more than 30,000 requests for campaign information packet have been received. Local and national media interest continues to grow. Free air time is valued at more than \$800,000 for the campaign's television public service announcement, and more than \$250,000 for the radio announcement. The campaign has brought a 600-percent increase in recruitment for the Natural Resources Conservation Service's Earth Team Volunteer Program. The Backyard Conservation Campaign is a cooperative project of NRCS, the National Association of Conservation Districts, and the Wildlife Habitat Council.

### **Backyard Conservation Campaign Video a Healthy Influence at Hospital**

A video produced for the Backyard Conservation Campaign is bringing brighter days and bright ideas to patients and visitors at St. Vincent Hospital in Indianapolis, Indiana. The hospital's media services staff broadcasts the 9-minute tape 12 times every day over the hospital's patient channel. The staff reports that patients and visitors are comforted by the video's positive message and entertained by its colorful images. The hospital averages 700 patients at a time, with hundreds of visitors each day. That's healthy exposure for backyard conservation.

### **Secretary Glickman Announces 25 New RC&D Areas**

In March, Agriculture Secretary Dan Glickman announced that 25 areas in 18 States became eligible for USDA's Resource Conservation and Development (RC&D) Program. The addition brings the total of RC&D areas to 315. RC&D, which is administered by NRCS, offers USDA technical and financial assistance for conservation and water management projects and expansion of economic, cultural, and recreational opportunities. Secretary Glickman also announced the

expansion of six existing RC&D areas.

### **NRCS Helps Farmers in Guam "Go on the Record"**

NRCS reports that some limited-resource farmers in Guam have difficulties receiving Environmental Quality Incentives Program (EQIP) benefits because recordkeeping is not part of their culture. To turn this situation around, NRCS entered into an EQIP educational assistance contract with the University of Guam, which includes workshops and one-on-one assistance on recordkeeping. This action has increased the effectiveness of EQIP.

### **NRCS Responds to Water Emergency in Pohnpei**

The NRCS' Pacific Basin office reports that a drought caused by El Niño forced the declaration of a water shortage emergency in the Federated States of Micronesia. Governor Del S. Pangelinon called for the protection of streams and underground water sources from animal and human wastes and nonbiodegradable products. In response to the declaration, NRCS conservationists translated water management information materials into local languages. NRCS also advised people on proper waste disposal and the need to boil drinking water to prevent hepatitis and other diseases.

### **NRCS, Partners Assist Drought-Affected Farmers**

In Central Texas, NRCS and the Texas Department of Agriculture held workshops with farmers and ranchers to provide them with information about how USDA can help them cope with drought conditions. Workshop topics included planting and managing winter pastures, selling cattle and buying hay, farm programs, and emergency loans. NRCS in the Dallas/Fort Worth area advised the public about how drought increases the possibilities and dangers of wildfire.

### **EQIP-Funded Effort Reducing Soil Erosion, Fertilizer Use**

With funding from EQIP, the city of Syracuse, New York, is improving water quality in the Skaneateles Lake Watershed. Farmers are developing nutrient management plans that include conservation buffers and minimize nutrient use. Eighty percent of the farms—48 out of 60—are participating in the effort. These farms hold more than 90 percent of the agricultural land in the watershed. On 16 farms, the annual rate of erosion has been reduced by more than 2,000 tons. Fourteen farms have saved an average of \$1,000 in fertilizer costs. On 11 farms, livestock no longer have access to waterways.

### **NRCS, Partners Add Practices, Personnel To Protect Neuse River**

NRCS and the North Carolina Division of Soil and Water Conservation accelerated the establishment of best management practices that address the pollution problems of the Neuse River, the waterway in which the bacteria *Pfiesteria* was discovered. NRCS added two positions and is sharing the cost of 10 district positions.

### **Elkhorn Slough Watershed Project Team Wins Hammer Award**

Elkhorn Slough Watershed Project Team in California worked cooperatively with local Hispanic growers to develop and apply innovative conservation technologies and delivery methods adapted to the growers' cultural and economic differences. An average of 33 tons of soil per acre was lost from the fields each year, and as much as 145 tons per acre were lost during wet years. The pesticides in this soil are likely responsible for the water quality problems in the Elkhorn Slough National Estuarine Reserve. A technical assistance team worked with the local Hispanic growers to find the common ground between their needs and cultural issues and the natural resource objectives of the local Resource Conservation District and the Natural Resources Conservation Service.

### **Wood Products End Use Team Wins Hammer Award**

The last major end use survey of wood products conducted by the Forest Service alone took two Forest Service researchers and many student assistants more than 3 years to complete and cost well over \$100,000. Today the Forest Service, the Engineered Wood Association, and the Wood Products Promotion Council work together to find out how people are using solid wood products. The surveys are directed and conducted by industry, with the Forest Service giving general advice on survey design and helping to analyze data. In the last 8 years, this unique collaboration has saved taxpayers more than \$400,000.

### **NRCS Accelerates Outreach to Native Americans**

NRCS continues its commitment to increasing its services to Native Americans. The following are examples of this outreach:

**Colorado:** NRCS assigned two tribal outreach specialists to work with the Ute Mountain Ute and Southern Ute tribes. NRCS has offices at each tribe's headquarters and works directly with producers and the tribes' agricultural and natural

resources departments.

**Montana:** NRCS held meetings to provide tribal representatives with overviews of USDA programs, the NRCS planning process, and the roles of tribal representatives on the State Technical Committee.

**South Dakota:** NRCS gave the Standing Rock Tribal Conservation District an overview of assistance available from USDA. NRCS also developed a cultural resource agreement with the Tribal Historic Preservation Office to help members of the tribe plan conservation practices.

**North Dakota:** Eight listening forums sponsored by American Indian communities established a dialogue between USDA and the communities.

**Arizona:** Thanks to an unprecedented agreement with the Navajo Nation Historic Preservation Department, NRCS employees in Arizona are conducting archeological clearances prior to beginning conservation projects on some of the most culturally significant and well-preserved archeological sites in the world.

**Wyoming:** NRCS and the State's Food and Agriculture Committee met with the Shoshone-Arapaho Joint Business Council to discuss services of the USDA Service Center and Department programs available to the Wind River Indian

Reservation.

**Minnesota:** NRCS and the Fond du Lac Tribal and Community College in Cloquet established the Center of Excellence for Map Compilation. Students learn about soil science, soil surveys, aerial photo interpretation, remote-sensing fundamentals, and geographic information systems.

### **NRCS, Partners Restore Streambank Near Geriatric Center**

In Upper Providence Township, NRCS in Pennsylvania and its State and local partners restored an 800-foot section of streambank along a tributary of the Schuylkill River on property near a geriatric center. The NRCS-designed project protects the streambank from erosion, which in turn prevents silt from eroding into the tributary. Working with NRCS were volunteer environmentalists, county inmates in an early release work program, county park personnel, county planners, and workers from State and local conservation agencies.

### **Conservation Measures, NRCS Efforts, Prevent Flood Damage**

Storms in southwest Iowa severely eroded nearly 350,000 acres of cropland. Despite these losses, NRCS reports that fields protected by agency-recommended practices such as no-till farming, contour buffer strips, grassed waterways, field borders, and terraces suffered minimal sheet and rill erosion. In the town of Hamburg, a restored wetland prevented flooding. In Iowa County, wetland areas restored through NRCS' Emergency Watershed Protection (EWP) Program prevented the flooding of 12,000 acres of cropland.

### **NRCS Funds Repair of Critical Access Road**

Near Buffalo, Wyoming, an access road needed for emergency services and the livestock industry was repaired with nearly \$240,000 in funds from EWP. State congressional delegates supported and assisted local people in finding funding for this project.

### **Hydrants Installed Through RC&D Program Cool Fire Insurance Costs**

A study by NRCS of the RC&D Program in Louisiana found that fire protection measures installed through the program reduce rural homeowners' fire insurance rates by approximately \$137 per year. NRCS attributes the decrease to more than 2,000 dry fire hydrants installed through the program.

### **"SWAT" Team Protects Natural Resources**

In Cobb County, Georgia, homeowners formed a "SWAT" team to prevent soil erosion and encourage the use of landscaping techniques that protect natural resources. "SWAT" is an acronym for "soil, water, air, and trees." Team members must first join the NRCS Earth Team Volunteer Program to learn the basics of community conservation. NRCS Marietta Field Office provides the team with training and technical assistance.

### **NRCS Office Excels, Earns Awards, Recognition From Secretary Glickman**

For "performing its work with enthusiasm and competence far beyond most citizens' expectations of a government agency,"

#### **NRCS' PLANTS Website Wins Awards From Media, Secretary Glickman**

The NRCS' PLANTS database on the World Wide Web received the Information Technology Award for Excellence from Government Computer News. The site also was named "Incredibly Useful Site of the Day" for July 7 by the MSNBC Network, which is owned by Microsoft and the National Broadcasting System. Secretary Glickman awarded the website the 52nd Annual Secretary's 1998 Group Achievement Award commending its commitment to "one-stop shopping" and reinvention of government, and to addressing environmental concerns and providing high-quality natural resources information. PLANTS provides a single source of basic information about North American flora.

the Baldwin County NRCS office in Bay Minette, Alabama, was named Government Agency of the Year by the county's Environmental Advisory Board. The board praised NRCS Baldwin County for helping schools develop and build wetland study areas and an outdoor learning center. The office also worked with local conservation groups to develop a flood protection plan for a 200-square-mile watershed. Secretary Glickman cited NRCS Baldwin County for demonstrating the effectiveness of locally led conservation efforts and for its commitment to "going the extra mile to serve its customers."

### **NRCS, Partners Team Up To Teach Businesses About Woodland Erosion**

A woodland erosion control curriculum developed and implemented by NRCS in Louisiana with Boise Cascade and the Louisiana Forestry Association will have positive impacts on more than 3 million acres of industrial forest land and nearly 9 million acres of non-industrial forest land. NRCS reports that hundreds of contractors, loggers, foresters, and others have participated in education sessions based on the curriculum. Sponsors for these sessions include International Paper Company, Georgia Pacific, Weyerhaeuser, and Willamette Industries.

#### **Virginians Off To See the "Wizard," Thanks to NRCS, Partners**

Visitors to the Virginia State Fair saw the first exhibition of the "Water Wizard," a water quality education van. Donated by NRCS, the renovated cargo van contains watershed and groundwater models, videos, and interactive exhibits. The Chesapeake Bay Program, the State's Department of Environmental Quality and Department of Conservation and Recreation, and Virginia's Coastal Program fund the "Wizard." To give the "Wizard" maximum exposure throughout the State, it is rotated among Virginia's six 4-H Club centers.

#### **Demand Growing for NRCS Plant Materials in Garden State**

In New Jersey, demands for NRCS plant materials are exceeding supplies. To meet the demands, NRCS is reaching out to farmers to encourage them to grow conservation plants for commercial production. NRCS conservation plants and bioengineering assistance are protecting shorelines and preventing erosion along the Atlantic Ocean, bays and streambanks, and rivers and lakes.

### **New NRCS Information Series Shows "How-To's" of Effective Customer Service**

The NRCS and its partners in conservation are working more effectively with people and communities, thanks to an information series produced by the agency's Social Sciences Institute. The series features 11 publications that help NRCS and its partners communicate to their customers the benefits of conservation and how to deal with situations that can occur while doing customer service. Copies of the publications were distributed to all NRCS State and field offices and are available on NRCS' home page on the World Wide Web.

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### 3. Feeding More Children and Families

#### Food and Nutrition Service

##### Mission

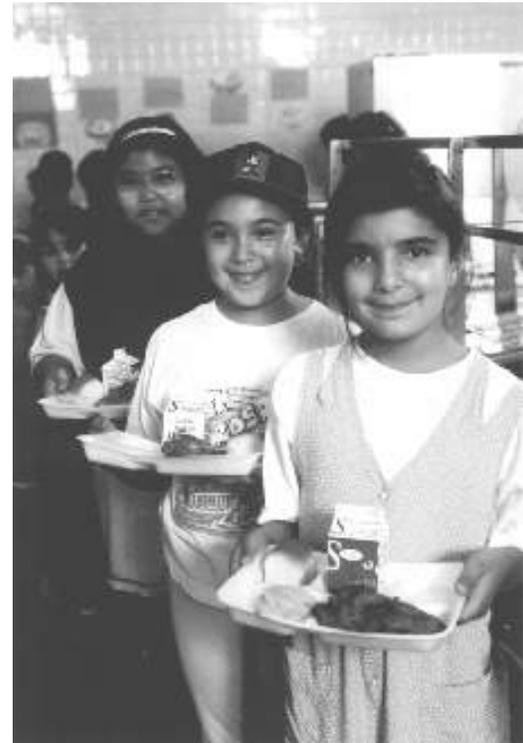
The Food and Nutrition Service (FNS) reduces hunger and food insecurity in partnership with cooperating organizations by providing children and needy families access to food, a healthful diet, and nutrition education in a manner that supports American agriculture and inspires public confidence.

##### Millions of Americans Receive Nutrition Benefits Through FNS Programs

Sheer numbers attest to the impact of FNS programs on people: In FY 1998, about \$17 billion in food benefits was provided to an average of nearly 20 million people each month through the Food Stamp Program (FSP); more than 5 billion (yes, billion) nutritious meals were served by the National School Lunch and School Breakfast Programs to more than 27 million children each day, over 60 percent of them free or at reduced price; and more than \$2 billion in nutritious supplemental food was provided to 7.4 million women, infants, and children every month through the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

##### Passage of the WIC-Child Nutrition Reauthorization Legislation, Public Law 105-336

The passage of Public Law 105-336 represents the most significant expansion of child nutrition programs in decades, and the first reauthorization legislation proposed by the Executive Branch in more than 20 years. Signed by President Clinton on October 31, 1998, Public Law 105-336 expands children's access to nutrition assistance and improves program operation, management, integrity, and safety. Public Law 105-336 will allow youths aged 13 to 18 to receive nutritious snacks in after-school care programs, providing a strong incentive to draw low-income, at-risk youths into safe, constructive after-school activities. Expansion of availability of nutritious meals and snacks to older children is expected to draw 1 million children a day into after-school programs.



##### Outreach for Children's Health Insurance

By a simple check-off on their applications for free and reduced-price school meals, low-income parents will be able to receive information about health benefits through Medicaid or CHIP—the Children's Health Insurance Program—created under the Balanced Budget Act of 1997. More than 15 million children in the United States qualify for free or reduced-price meals through the school programs. Many of those children are also eligible for one of the insurance programs. The insurance check-off is meant to reach parents of the 10 million American children who currently are not covered, including 4.7 million who are eligible for Medicaid but are not enrolled.

## Gleaning Remains a Priority

FNS in July provided grants to 13 school districts around the country to help them find ways to increase their food donations to needy people. FNS also worked with the National Restaurant Association to publish a food recovery guide for restaurants, and coordinated efforts of other Federal agencies to facilitate food donations. All of these efforts contribute to USDA's goal of increasing food recovery by 33 percent.

### USDA Helps Storm Victims

Following the April 18, 1998, tornado that hit Birmingham, Alabama, USDA approved a modified food stamp program for Jefferson County, Alabama, providing assistance to individuals whose homes were destroyed or damaged.

## Implementing Welfare Reform

FNS has been active on a number of fronts to help States implement the 1996 welfare reform law, and subsequent legislation that modified the 1996 law:



*Residents of public housing in the South Side of Chicago, Illinois, work on a community vegetable garden.*

Some 225,000 immigrants who lost food stamp benefits under the welfare reform law had those benefits restored as of November 1 because of FNS's work with the Administration on the agricultural research bill, which passed in May 1998. FNS also developed guidance for States on implementation and bilingual informational material for immigrants.

Prior to passage of the benefits restoration, FNS provided technical support for 13 States to establish State-funded food stamp programs to provide benefits to more than 170,000 of the most vulnerable of those who lost their Federal benefits.

## Improving Management of the Food Stamp Program

September 1998 marked a major milestone in the development of Electronic Benefit Transfer (EBT) nationwide: more than 50 percent of all food stamp benefits issued are now issued through EBT systems. Today, 36 States and the District of Columbia are operating EBT systems, up from 25 a year ago. Twenty-nine of these States are now using EBT statewide, while only 16 were statewide at this time last year.

### Food Recovery in Illinois

USDA officials in Illinois and the Illinois Council of Churches co-hosted a gleaning and food recovery workshop June 26 in Springfield, Illinois, to help interested groups learn needed skills and share information. Topics included "How to start a gleaning or food recovery project," "What works—what doesn't," and "Getting the community involved." It also included sessions on farmers markets, transportation issues, and interstate partnership possibilities.

Continuing its commitment to fighting fraud, FNS implemented tough new integrity provisions for food stamp retailers, including pre-authorization screening, tougher post-authorization controls, and stiffer penalties for violators. During FY 1998, the Food Stamp Program investigated 5,178 retailers, and fined or disqualified 1,201 for program violations. Of those, 719 retailers, with redemptions of \$49.5 million, were identified as having engaged in trafficking (the exchange of food stamps for cash).

Continuing its series of "compliance sweeps," the Food Stamp Program Compliance Branch in April 1998 mounted a 3-

week intensive nationwide effort, dubbed “Operation Spring Clean,” that focused on seven areas of the country. In all, 717 food stamp retailers were investigated in the seven sweep areas; 115 were caught trafficking and were immediately removed from the program pending further investigation. Immediate removal from the program in trafficking cases was among the new authorities granted to FNS under the welfare reform law. A total of 290 retailers were caught in program violations of all kinds.

### **WIC Farmers’ Market Nutrition Program Gets Funding Increase**

Funding for the Farmers’ Market Nutrition Program was increased to \$12 million in 1998, an increase of \$5.25 million from last year, allowing the program to expand in current States and into five more State WIC agencies, bringing the total to 32 States, the District of Columbia, and two Indian tribal organizations. More than 1 million WIC participants currently receive farmers’ market benefits to purchase fresh foods from over 8,200 farmers nationwide.

### **Breastfeeding Promotion**

More than 50 WIC State agencies are now participating in USDA’s national breastfeeding promotion effort, the “Loving Support Makes Breastfeeding Work” campaign kicked off by Secretary Glickman in 1997. Promotional materials geared to various ethnic groups, TV and radio spots in English and Spanish, and banners and other promotional items are available for purchase by WIC State agencies, the medical and health community, and the public to educate not only mothers but the entire community about breastfeeding.

### **Improving Child Nutrition**

In the autumn of 1998, FNS introduced “yourSELF,” a nutrition education kit aimed at middle school-age children. This represents a major expansion of the nutrition education initiative, which has been focused heretofore on elementary-age children. Introduction of “yourSELF” will increase the number of healthy-eating messages children receive.

### **FDPIR Food Package Improvements**

People participating in USDA’s Food Distribution Program on Indian Reservations (FDPIR) began receiving a better, more healthful food package in 1998. Working with Native American tribal leaders, FNS developed a food package with more variety and choices without increasing the cost. Changes include more “user-friendly” products, such as frozen, cut-up chicken and sliced cheese rather than blocks. More low-fat and high-fiber products are included, such as bran cereal and low-fat refried beans. Other new products include egg noodles, quick oats, and more fruits and vegetables.

#### **Hammer Award Goes to South Carolina Combined Application Project (SCCAP)**

Working together, employees in the Social Security Administration (SSA) and FNS in South Carolina improved the way they deliver food assistance to elderly and disabled individuals. Eligible applicants may apply for food stamps jointly with supplemental security income (SSI) at the Social Security office. SSA determines FSP eligibility at the same time it determines eligibility for SSI. In the past, SSA employees completed a paper food stamp application (usually 8 to 11 pages) and sent it to the food stamp office for the State to process. But they no longer use a long paper form. This team developed a one-stop computer-based, online program, which eliminates two interviews and the need to visit several offices.

So far, SCCAP has brought in approximately 840 new SSI/FSP recipients each year of the demonstration, and outreach efforts have brought in over 8,500 new FSP cases. The project has also allowed the States to reallocate the equivalent of 40 full-time caseworkers—a savings of over \$700,000.

### **Memorandum of Understanding With HUD for Co-Location of Programs**

People in federally supported housing developments will have better access to USDA’s nutrition, education, and child care programs because of a pilot program announced in May by Agriculture Secretary Dan Glickman and Housing and Urban Development (HUD) Secretary Andrew Cuomo. At pilot program sites in eight cities, USDA nutrition programs such as food stamps, WIC, child care, summer food service, and education programs offered through USDA’s Cooperative State

Research, Education, and Extension Service will be available to residents through offices located in their housing complex.

## Center for Nutrition Policy and Promotion

### Mission

The mission of the Center for Nutrition Policy and Promotion (CNPP) is to improve the nutritional status of Americans by serving as the focal point within USDA for linking scientific research to the consumer. CNPP provides direction and coordination for USDA's nutrition education and policy activities. The center helps enhance the nutritional status of Americans by serving as the focal point for the Department in translating nutrition research into information materials to increase public understanding of the importance of good nutrition and a healthful diet.

### Dietary Guidelines for the 21st Century

CNPP launched the Year 2000 update of the Dietary Guidelines for Americans with the first public meeting of the Dietary Guidelines Advisory Committee in September 1998. Every 5 years, the advisory committee, composed of experts in the fields of nutrition and health, meets to review the current dietary guidelines. During the review, the latest scientific evidence is considered in determining whether to recommend to the Secretaries of Agriculture and Health and Human Services that the guidelines be modified.

### The Cost of Raising a Child in America

This CNPP report, published annually, outlines the cost of raising a child to age 18. As in years past, this year's report received a great deal of attention in the news media, including a March 1998 cover story in U.S. News and World Report. Issuing the report from CNPP helps to solidify CNPP's standing as the government's best source of information on nutrition, health, and family economics.

### The Healthy Eating Index: A Report Card on the American Diet

In July, CNPP issued its "report card on the American diet," the Healthy Eating Index (HEI). The 1998 index showed that Americans in general are eating better—nutritionally speaking—than in past years, with the average HEI score rising about 2 points to 64 (still in the "needs improvement" range). USDA is using the demographic results of the HEI survey to target nutritionally at-risk populations with nutrition education programs through the FNS' food assistance programs. CNPP will continue to analyze the results of food intake studies conducted by USDA's Agricultural Research Service, publicizing the results and raising awareness among the general public of the importance of a healthy diet.

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## 4. Raising Consumers' Confidence in Food Safety

### Food Safety and Inspection Service

#### Mission

The Food Safety and Inspection Service (FSIS), a public health agency in USDA, protects consumers by ensuring that the Nation's commercial supply of meat, poultry, and egg products is safe, wholesome, and accurately labeled, as required by the Federal Meat Inspection Act (FMIA), the Poultry Products Inspection Act (PPIA), and the Egg Products Inspection Act (EPIA).

FSIS inspects livestock and poultry before and after slaughter, and also regulates all raw beef, pork, lamb, chicken, and turkey, as well as processed meat and poultry and egg products prepared for distribution in interstate and foreign commerce, including imported products. More than 7,500 Federal inspectors carry out inspection laws in over 6,000 plants.

Foodborne illness is recognized as a significant public health problem in the United States. FSIS develops new methods of inspection to better protect the public health. It tracks new and emerging public health problems related to food safety. And it responds to microbiological, residue, and other contamination incidents and, when appropriate, seeks voluntary recall of products by firms.

FSIS continues to carry out a broad and long-term, science-based strategy to improve the safety of meat, poultry, and egg products and to better protect public health. The agency is undertaking a farm-to-table approach by taking steps to improve the safety of meat and poultry at each step in the food production, processing, distribution, and marketing chain. These steps are designed to focus more attention on the risk of microbial contamination, the Nation's most significant food safety problem.

#### Accomplishment Highlights, FY 1998

##### **HACCP Implementation Successful**

On January 26, 1998, more than 300 large meat and poultry plants (those with 500 or more employees) were required to have Hazard Analysis and Critical Control Points (HACCP) systems in place. Large plants account for approximately 75 percent of slaughter production.

##### **FSIS Initiated an Aggressive Outreach Program To Assist Small Plants With HACCP Implementation**

FSIS efforts to assist small plants (defined as having 10 or more employees, but fewer than 500) include three initiatives. The first is working with a HACCP coordinator in each State to bring together resources for that State. Second, FSIS is encouraging land-grant universities that conduct livestock or poultry slaughter or processing operations to develop HACCP systems for their operations and to serve as sources of information for small plants. And third, industry and trade association personnel, extension agents, and other appropriate people are strongly encouraged to act as "sponsors" to small plants by offering technical information on HACCP systems.

##### **USDA Works With Small Plants To Facilitate HACCP Implementation**

On May 7, USDA food safety officials met with owners and managers of small plants preparing for the HACCP implementation date of January 25, 1999, to discuss additional ways of ensuring that small plants receive the assistance they need to make the transition to HACCP.

### **Nationwide Series of 20 Public Meetings To Help Small Plants**

FSIS held the first 2 of a series of 20 public meetings across the country on HACCP implementation for small plants. The purpose of these meetings is to discuss ways to help owners and managers of small plants prepare for the January 25, 1999, HACCP implementation date.

### **Technical Service Center Operates HACCP Hotline**

Since its beginning on January 20, 1998, the HACCP Hotline has handled over 10,000 inquiries, contributing to the successful implementation of HACCP during this critical time.

### **Risk Assessments**

FSIS initiated the first farm-to-table quantitative risk assessment for *Salmonella enteritidis* in eggs and egg products. Results were presented at a June 12, 1998, risk forum sponsored by USDA's Office of Risk Assessment and Cost-Benefit Analysis. A risk assessment is also underway for *E. coli* O157:H7 in meat.

### **FSIS Issues Rule on Requirement for Shell Eggs**

At the direction of Congress, FSIS published a final rule on new regulations implementing requirements for refrigeration and labeling of shell eggs. The rule implements 1991 amendments to the Egg Products Inspection Act.

### **Encouraging Results in First 6 Months of Testing for *Salmonella* in Large Meat and Poultry Plants**

FSIS released a progress report on the first 6 months of testing for *Salmonella* in large meat and poultry plants. Because the data is preliminary, FSIS is taking a conservative approach in interpreting and presenting the data; however, there is a general trend toward lower percentages of products that are positive for *Salmonella*.

### **Risk Analysis on BSE To Be Done by Harvard School of Public Health**

USDA entered into a cooperative agreement with Harvard University's School of Public Health to conduct a risk analysis to assess the potential pathways for bovine spongiform encephalopathy (BSE) to enter into U.S. cattle and the U.S. food supply, to evaluate existing regulations and policies, and to identify any additional measures that could be taken to protect human and animal health.

#### **Public Meeting on the Browning of Ground Beef**

On May 27, USDA held a public meeting to discuss the food safety issues presented by premature browning of ground beef, during which USDA released results of a new study on the premature browning of cooked hamburger that concluded that color is not a good indicator that a hamburger has been cooked to 160 degrees F, USDA's recommended safe level.

#### **Meat and Poultry Hotline**

The hotline received 164,575 calls during FY 1998. Hotline specialists spoke with approximately 38,621 of those callers during business hours, recording data that were used for trend analysis. In addition to basic food handling, storage, and preparation questions, the hotline addressed the latest issues: BSE; product recalls; *E. coli* O157:H7 testing; premature

browning of ground beef; transportation and storage of shell eggs; HACCP implementation; campylobacter, *Salmonella* and poultry; irradiation; and organic labeling.

One of the year's highlights was the November 25 visit by Secretary of Agriculture Dan Glickman. Secretary Glickman personally answered several hotline calls. The event generated interest in the hotline among the reporters in attendance, and crews from both NBC and CNN returned subsequently for filming and interviews.

### **Science-Based Advice for Consumers Cooking Ground Beef**

Research by FSIS and ARS supported the hypothesis that the color of a cooked hamburger is not a reliable indicator that a safe internal temperature has been reached. FSIS was instrumental in devising the study protocol and presenting the findings and implications for consumer education through several public meetings. To convey the message to consumers that safety is signified by a reading of 160 degrees F. on a thermometer, FSIS, the Office of the Secretary, the Office of the Under Secretary for Food Safety, and the White House worked together to plan an event featuring Vice President Gore and

Secretary Glickman—a July 2 barbecue held on the Jamie L. Whitten Federal building lawn.

### **Partnership for Food Safety Education Fight BAC!™**

As a founding member of the private-public partnership, FSIS was in the forefront of the campaign to instill the four key messages of the Fight BAC!™ campaign in the mind of every American. FSIS managed several campaign initiatives during the year. These include placement of the Fight BAC!™ brochure at the Consumer Information Center (CIC) in Pueblo, Colorado; an estimated 50,000 copies have been distributed through CIC. The agency also managed requests for the Fight BAC!™ costume, exhibit, and puppets at locations nationwide. A Food Safety Education Month poster—developed in cooperation with the American School Food Service Association and the Food and Drug Administration (FDA)—was distributed to 53,000 elementary school cafeterias. Finally, FSIS reviewed proposals to produce an educational package for middle-school students; the firm has been selected and work has begun.

### **Safe Summer Grilling**

On July 2, Secretary Glickman and Vice President Al Gore led a safe summer grilling food safety event on the grounds of USDA headquarters. The Secretary and FSIS food safety experts had a cookout that emphasized why clusters of serious illness can be associated with meat contaminated through poor food handling and grilling techniques. They emphasized the importance of avoiding undercooking, using a thermometer to test doneness, and the critical need to keep food and cooking tools clean and free of cross-contamination.

### **National Food Safety Information Network**

The President's National Food Safety Initiative directed agencies to establish a national clearinghouse for food safety education. FSIS worked with FDA to develop a proposal for this "clearinghouse," which is currently referred to as the National Food Safety Information Network. One of the Network's components was put into place in FY 1998 when government food safety sites on the World Wide Web were linked to help web users more easily find government information on food safety. The URL is <http://www.foodsafety.gov/>

### **Food Safety Enforcement Enhancement Act of 1998**

This bill was developed by the Secretary and forwarded to Congress to amend the Federal Meat Inspection Act and the Poultry Products Inspection Act to provide for improved public health and food safety through enhanced enforcement.

### **President's Executive Order Creates Food Safety Council**

An Executive Order signed by President Clinton on August 25, 1998, established the President's Council on Food Safety. The primary functions of the Council will be to develop a comprehensive strategic Federal food safety plan; advise agencies of priority areas for investment in food safety, ensure that Federal agencies annually develop coordinated food safety budgets; and oversee the recently established Joint Institute for Food Safety Research, ensuring that it addresses the highest priority research needs. The Secretaries of the Departments of Agriculture and Health and Human Services and the Assistant to the President for Science and Technology/Director of the Office of Science and Technology will serve as Joint Chairs of the Council.

### **EdNet**

EdNet, the National Food Safety Educator's Network, is an electronic network for food safety educators. It is intended as a one-way direct mail food safety education update from the FDA, USDA, and the Centers for Disease Control (CDC).

### **FSIS Makes Report to Congress Available**

FoodNet: An Active Surveillance System for Bacterial Foodborne Disease in the United States, April 1998, is a report generated by the collaborative project among FSIS, CDC, and FDA; it includes data on the incidence of

foodborne illness for calendar year 1997.

### **HACCP-Base Inspection Models Project**

FSIS is designing new models for inspection within plants that slaughter three specific classes of animals to define what the agency and the regulated industry should do when those plants are operating under HACCP. With inspectors in these slaughter plants no longer carrying out activities that should be the plant's responsibility, FSIS could better focus on public





FY 1998 Annual Report of the Secretary of Agriculture  
**USDA: Preparing for a New Millennium**

## 5. Creating Jobs and Revitalizing the Economy in Rural Areas

### Rural Development Mission

The mission of Rural Development is to enhance the ability of rural communities to develop, to grow, and to improve their quality of life by targeting financial and technical resources in areas of greatest need through activities of greatest potential.

### Program Summaries

The following is a summary of the number of loans and grants made by each program in USDA's Rural Development mission and of the economic benefits provided by each:

#### Single-Family Housing

##### Direct Rural Housing Loan Program (Section 502 direct)

This program offers low-interest homeownership loans to rural America's working people. Approximately 40 percent of the people it serves earn less than 50 percent of the median income of the rural area in which they live; the remainder earn between 50 and 80 percent. In FY 98, the program obligated \$999.8 million to enable approximately 17,200 families to become homeowners.

##### **Hero of Ice Storm Named Maine Multi-Family Housing Site Manager of the Year**

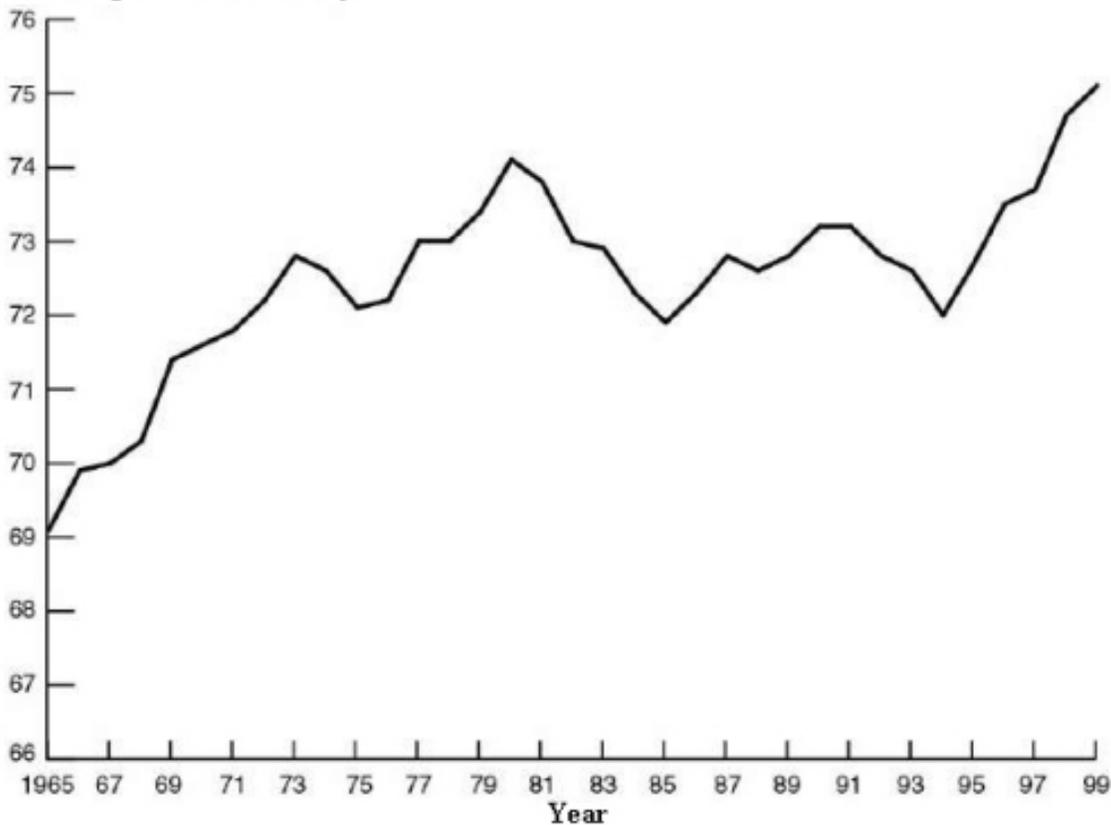
A former tenant of the RHS rural rental housing-financed apartment complex called Stonington Manor in Maine, Eric Hoard is now its manager. During the January 1998 ice storm, Mr. Hoard brought wood from his own home for a community room stove and used his own resources to arrange for a barbecue on a gas grill so residents in the all-electric complex would have heat and food while the housing was without power. In recognition for his efforts, Mr. Hoard has been named the USDA Maine Multi-Family Housing Site Manager of the Year for 1998. When asked what the best thing about his job is, Mr. Hoard says, "Working with the tenants."

##### Mutual Self-Help Housing Program

This program makes mortgage costs affordable to people with very low and low incomes by allowing them to contribute "sweat equity," which they earn by building their own homes. The program provides grants to nonprofit and municipal technical assistance providers, who supervise small groups of families in the construction of their own homes. The families typically finance their homes through USDA direct rural housing loans. In FY 1998, the Rural Housing Service (RHS) provided 117 grantees in 43 States with a total of \$26 million in technical assistance grants. In turn, the grantees supervised 1,520 families in the construction of their own homes. The families received \$110.4 million in direct rural housing loans from USDA.

## Homeownership Rates for Rural Areas

Percentage of Homeownership



Source: U.S. Census Bureau

Home ownership rates for rural areas rose from 69.0 in 1965 to an all-time high of 74.7 in 1998.

### Guaranteed Rural Housing Loan Program (Section 502 guarantee)

This program provides guaranteed loans of up to 90 percent to low- and moderate-income rural Americans who otherwise would not be able to obtain credit. It also allows borrowers to obtain loans for 100 percent of the appraised value of a house, thereby removing the downpayment barrier that prevents many people from becoming homeowners. In FY 1998, the program obligated \$2.8 billion to allow approximately 39,400 families to purchase homes.

### Rural Home Repair Loan and Grant Programs (Section 504)

These programs provide funds to help very low-income people undertake the vital improvements necessary to make their homes habitable. These include weatherizing the homes, removing electrical and fire hazards, repairing roofing, and installing or improving water and waste-water disposal systems. The grant program serves people ages 62 and up, while the loan program is open to all very low-income rural people. In FY 1998, the home repair loan and grant programs obligated \$54.4 million to allow approximately 11,100 families to make vital improvements to make their homes safe and liveable.

### Economic benefits provided by Single-Family programs

Together, Single-Family housing programs provided 83,183 full-time jobs in construction and construction-related industries, \$1.3 billion in wages, and \$700.9 million in combined Federal, State, and local revenues and fees.

**Total number of homes financed:** 56,500

**Total number of homes rehabilitated:** 11,100

**Total financing provided:** \$3.98 billion

## Multi-Family Housing

### **RHS Community Facilities Program Helps Rural New York Teen Chemical Dependency Treatment Center To Double Its Capacity**

The Rose Hill Foundation, Inc., in Massena, New York, is a unique, freestanding chemical dependency treatment center devoted to adolescents, ages 12-18. Not only does it provide treatment to help chemically dependent teens overcome their addictions, but it also offers post-rehabilitation treatment counseling, which has been completed by 89 percent of its patients. The treatment center has been in existence for 10 years and has served 900 adolescents. Approximately 50 percent of its patient base is homeless.

In April 1998, the facility received an RHS Community Facilities direct loan of \$700,000, an \$855,000 grant from the Office of Temporary and Disability Assistance Homeless Housing Program, and a \$50,000 grant from the New York State Community Facilities Enhancement Fund. Through these funds, Rose Hill will be able to double its bed capacity from 15 to 30. Four beds will be designated for adolescent parents, their children, and pregnant teens. In addition, Rose Hill will be able to double the number of people it serves each year, going from 100 customers to 200. Rose Hill makes its unique and vital services available to the entire State of New York.

### **Rental Assistance Program (Section 521)**

This program makes rents in USDA rural rental housing and farm labor housing affordable to the tenants. In FY 1998, RHS provided over \$540 million in rental assistance to more than 39,000 tenants.

### **Rural Rental Housing Guaranteed Loan Program (Section 538)**

This program guarantees loans for developers of affordable rental housing. In FY 1998, the Section 538 program approved loan guarantees worth \$39.7 million to build 28 rural rental housing developments with a total of 1,110 apartments in 14 States.

### **Housing Preservation Grant Program (Section 533)**

This program provides grants to nonprofit organizations, Indian tribes, and Government agencies to bring up to code deteriorating single- and multi-family housing for very low- and low-income families. In 1998, the program provided \$11 million to 165 organizations to rehabilitate 2,975 houses and apartments.

### **Economic benefits provided by Multi-Family programs**

Together, Multi-Family housing programs provided 4,147 full-time jobs in construction and construction-related industries, \$136.8 million in wages, and \$72.4 million in combined Federal, State, and local revenues and fees.

**Total number of new apartments financed:** 3,940

**Total number of apartment buildings renovated:** 235

**Total number of single-family homes and/or apartments renovated:** 2,975

**Total financing provided:** \$775.5 million

### **Rural Rental Housing Direct Loan Program (Section 515)**

This program makes low-interest loans to developers of affordable rural rental housing. In 1998, RHS obligated \$93.7 million toward construction of 122 new rental complexes providing approximately 2,400 units. It also obligated \$56.3 million toward the repair and rehabilitation of existing units in 228 rural rental facilities.

### **Farm Labor Housing Loan and Grant Program (Section 514/516)**

The only national source for farm labor housing construction funds, this program provides low-interest loans and grants to developers of affordable rural rental housing for farmworkers, who are among the most poorly housed people in the country. These developers may be public or nonprofit agencies or farmers. In 1998, the program obligated \$27.1 million to build 419 new units and rehabilitate seven rental complexes.

### **RHS Teams Up with Partners To Help Kentucky Couple Move From Log Cabin to New Home**

In 1998, Rayburn and Sarah Watson contacted Kentucky Rural Development seeking funds to repair their log cabin, built in 1866 and occupied continuously since then by family members. Rural Development determined that the house was beyond repair: the foundation was severely deteriorated, the home lacked running water and bathroom facilities, and the home was heated by a wood-burning cook stove and a gas heater. Rural Development teamed up with the Federation of Appalachian Housing Enterprises (FAHE) and Peoples Self Help Housing, Inc., to provide a leveraged USDA Section 502 direct rural housing loan to build Mr. and Mrs. Watson a new home. The Watsons are so pleased that they no longer have to carry water for cooking, washing dishes, and doing laundry; that they have a bathtub; that they have level floors and carpet; and that their house is warm and insulated. Mr. and Mrs. Watson appreciate the attention to detail and workmanship that they feel make their house such a beautiful home. Mrs. Watson states that "We also appreciate the forethought the builders displayed by always taking into consideration my height and physical shortcomings." Mr. and Mrs. Watson expressed their appreciation for the hard work of staffs of Rural Development, FAHE, and Peoples Self Help Housing.

**Business Loan Adds Jobs in Tennessee**

A \$400,000 Rural Business-Cooperative Service loan to the Meriwether Lewis Electric Cooperative in Centerville, Tennessee, will be re-loaned, interest free, to the Stewart Houston Industrial Park Board in Houston County to construct a 40,000-square-foot industrial building to house Southern Gage, Inc., producer of a full line of gauge products for industrial manufacturing processes. Southern Gage currently employs 70 people and expects to add 124 new jobs as the result of its \$1.8 million planned expansion. Over the past several years, Houston County has consistently experienced unemployment ranging 2 to 3 times higher than the national average. The new employment opportunities will have a dramatic effect on the economy of Houston County and neighboring Stewart County.

**Community Facilities****Community Facilities Direct Loan Program**

This program provides direct loans to rural communities for essential community facilities. These include child care centers, adult care centers, hospitals, clinics, schools, municipal buildings, and community centers, as well as emergency rescue equipment, among others. In 1998, the program obligated \$210.9 million to fund 423 projects.

**Community Facilities Guaranteed Loan Program**

This program provides loan guarantees of up to 90 percent to rural communities to build essential community facilities.

These include child care centers, adult care centers, hospitals, clinics, schools, municipal buildings, and community centers, as well as emergency rescue equipment, among others. In FY 98, the program obligated \$65.5 million to fund 69 projects.

**Community Facilities Grant Program**

The grant program helps very low-income communities finance their facilities by reducing the amount of debt which must be incurred to acquire facilities. These facilities include child care centers, adult care centers, hospitals, clinics, schools, municipal buildings, and community centers, as well as emergency rescue equipment, among others. In 1998, the grant program obligated \$9.5 million in grants to help fund 267 projects.

**Economic benefits provided by Community Facilities programs—**

Together, Community Facilities programs provided 9,911 full-time jobs in FY 1998.

*Total number of communities with new or improved essential community facilities: 422*

*Total financing provided: \$285.9 million*

**Rural Business Programs Business and Industry Guaranteed Loan Program**

In a partnership with the Department of Treasury and the North American Development (NAD) Bank, the USDA Business and Industry Guaranteed Loan Program provided \$73 million in loans that created or saved over 2,000 jobs in areas impacted by NAFTA-related trade. The total cost to the Government was under \$500 per job.

**Electric Program**

The Electric Program approved 74 loans for a total of \$539 million to Rural Utilities Service (RUS) borrowers serving counties identified as persistent poverty counties. In addition, 72 loans for a total of \$286 million were approved for borrowers serving counties identified as having persistent outmigration. Based upon financial and statistical information provided by RUS borrowers, 2.7 million consumers benefited from electric system improvements that were made during FY 1998.

**Telecommunications****Rural Development Program Purchases Equipment To Establish Tribal Business**

A Rural Business Enterprise Grant (RBEG) was approved for the Red Lake Band of Chippewa Indians (Tribe), Red Lake, Minnesota, in the amount of \$180,000, which will be used to acquire manufacturing equipment. The grant is a portion of the funding needed to complete the project. The tribe will own and lease a building and equipment to a tribal-owned manufacturer of window blinds and shades, Anderson Fabrics, Inc. The unemployment rate on the reservation is one of the highest in the State. This project brings together a number of Federal, State, and local resources to finance a multi-purpose facility to assist with the transition of tribal members from unemployment into a fully trained and educated work force. It is projected that 30 new jobs will be created.

During FY 1998, the Telecommunications Program improved the information superhighway for rural America by making loans and loan guarantees of \$565 million for 53 rural telecommunications projects that provided improved service to more than 1.2 million rural residents, including new service to 225,000 residents. Improvements will include installation of \$94 million of new digital switching technology and nearly 7,000 miles of fiber optic cable and associated electronic equipment costing \$210 million. Some of these facilities will be used specifically to connect an additional 16 schools to distance learning systems. These and other system enhancements are making advanced telecommunications services available to more rural Americans than ever before. For every million dollars of loan funds spent by RUS/RTB (Rural Telephone Bank) borrowers, an additional \$4.7 million in private investments was spent by these borrowers on telecommunications facilities.

### **RUS Supports Distance Learning and Telemedicine**

RUS provided \$7.9 million in grants and \$2.6 million in loans for 35 distance learning projects and \$4.6 million in grants and nearly \$1 million in loans for 25 telemedicine projects that will serve rural residents through educational centers and health care providers at approximately 300 separate sites. Eight of the awards will be used to assist people in Empowerment Zones and Enterprise Communities.

### **Water and Environmental Programs**

During FY 1998, the Water and Environmental Programs provided more than \$1.3 billion in loans and grants for over 1,200 rural water or wastewater projects that serve 9 million people, creating over 55,000 jobs.

#### **Water 2000**

About 1 million residents of rural America lack safe, clean drinking water in their homes. RUS has been spearheading the Water 2000 initiative to provide this basic resource that most Americans take for granted. RUS conducted State-by-State need assessments and determined that 25 million rural residents experience water-related health problems, are forced to haul water, or are under orders to boil water. In the first 3 years of this program, RUS invested more than \$735 million in loans and grants to the Nation's highest priority Water 2000 projects. The average median household income for the service areas is only \$18,662. Water 2000 funded 87 projects in 1998 to improve the drinking water systems serving over 77,000 households, to improve service to over 250,000 people, and to provide first-time public water to over 39,000.

#### **EC Funding Begins Flood Prevention Project in Missouri EC**

In the past, residents in the East Prairie, Missouri, EC had to be evacuated when the river rose, flooding the 130,000-acre St. Johns Basin. Flood control measures, authorized in 1954, had continually been hampered by financial limitations. Now, thanks to funding from USDA and the Army Corps of Engineers, residents can rest easy.

EC designation "has been the enabling factor to get the project to move forward," says Eddie Belk, project manager of the Memphis District Corps of Engineers. The program enabled USDA to provide all but 5 percent of the local community's cost share for the first phase of this \$42.5 million project. This funding provided momentum for other sponsors.

### **Program Accomplishments**

#### **Community Facilities Program Finances More Child Care Centers Than Ever Before**

The Community Facilities program has made financing child care centers a high priority. In FY 1998, the program provided \$13.1 million in loans, grants, and guarantees to fund 46 child care centers.

#### **Community Facilities Program Provides More Funding Than Ever Before for Indian Facilities**

In FY 1998, the Community Facilities program provided 18 loans, grants, and guarantees worth \$14.2 million going to fund

### **Rural Residents Receive High-Tech Hardware and New Skills in Ohio EC**

Through the President's Education Technology Program, USDA has made 72 computers (with an estimated value of \$10,000) available to Greater Portsmouth, Ohio, EC schools. The EC is dedicating an additional \$192,000 of its \$2.95 million EZ/EC Social Service Block Grant funds for in-service computer training for teachers. More support for this program is expected—Greater Portsmouth has learned that it is eligible for funding under a State program that helps low-income communities obtain computers.

14 projects on 14 Indian reservations. Projects included three child day care centers, one adult day care center, two social services centers, two college buildings, one outpatient care facility, one physician-staffed clinic, one city hall, one fire department, one community center, and one assisted-living facility.

### **Rural Utilities Service and the Federal Energy Regulatory Commission**

RUS has continued to be actively involved in proceedings at FERC on matters affecting restructuring of the electric utility industry and RUS borrowers. FERC regulates wholesale electric power markets and interstate transmission of electricity by public utilities. RUS electric borrowers are not generally subject to FERC regulation. However, FERC's initiatives at opening up the Nation's transmission systems to promote robust competition among electric generators are increasingly bringing RUS borrowers before the Commission.

### **Community Facilities Programs at an All-Time High Number of Borrowers Current on Their Loans**

Fully 100 percent of Community Facilities direct loan program borrowers and 99 percent of Community Facilities guaranteed loan program borrowers are current on their loans. The Community Facilities programs are doing an excellent job of both serving their rural customers and protecting taxpayers' investments.

### **Multi-Family Housing Reaches Record-Low Loan Delinquency**

The Multi-Family Housing loan program reached a record-low delinquency rate of 1.9 percent as of September 30, 1998. This is an all-time low and is lower than almost all private-sector rates. This delinquency rate is based on a loan portfolio of 18,002 projects and an outstanding loan principal of \$11.9 billion. The Multi-Family Housing program is doing an excellent job of both serving its rural customers and protecting taxpayers' investments.

### **Electricity for the First Time**

RUS provided financing for facilities that The Socorro Electric Cooperative, Inc., headquartered in Socorro, New Mexico, constructed to electrify a very remote part of rural America. Socorro is building up to 20 miles of 14.4 kV line and secondary power extensions to serve consumers in Riley, New Mexico, who have never received central station electrical service. This unserved area is so remote that it requires a 50-mile drive from Socorro's headquarters, of which 20 miles is on dirt roads. The people of this area are mostly Hispanics and Native Americans, and they have been living here all their lives without electricity or running water. Initially, 14 residents will receive electric service.

## USDA Assistance for Mental Health



### RHS Develops Partnerships With the Nonprofit and Private Sectors To Provide Affordable Rural Single-Family Housing

RHS has been actively developing partnerships to leverage its limited single-family housing program dollars and increase affordable homeownership opportunities for rural America's working people. In FY 1998, RHS significantly expanded its Rural Home Loan Partnership with the Federal Home Loan Bank System and the Rural Local Initiatives Support Corporation. RHS's partners leveraged RHS's contribution of \$12.9 million with \$6.9 million of their own funds.

RHS also initiated a partnership with various Community Development Financial Institutions (CDFIs) and their private-sector partners throughout the country. The purpose of the partnership is to provide homeownership opportunities to very low- and low-income applicants by combining the resources of RHS, the CDFIs, and their private-sector partners. Through 15 local partnerships, 55 rural families have received home loans at rates significantly more affordable than those in the private sector. RHS provided \$2.9 million, which the CDFIs and their private-sector partners leveraged with \$992,000 of their own funds.

### Revolving Fund Launches Entrepreneurial Ventures in Pennsylvania Enterprise Community

Small, startup businesses are often unable to borrow startup money because banks and other lending institutions favor businesses with established track records. To help creditworthy startup businesses, the City of Lock Haven, Pennsylvania, allocated \$200,000 in Enterprise Community (EC) funds to create the Commercial Revolving Loan Fund. Owners of retail, service, or commercial businesses in Lock Haven are eligible for low-interest loans of up to \$25,000 to improve their facilities, expand an existing business, or start a new business.

### **New Water System in New York**

Water and Environmental Programs provided a loan of \$822,400 and a grant of \$677,600 to install 20,420 linear feet of 8-inch water main, 35 fire hydrants, and 2 pressure-reducing valves in the Park Terrace Water District in the Town of Birmingham, New York. Water will be supplied from the City of Birmingham. This project will serve 155 users. The township has endured extreme hardship from depleted ground water resources. Public health concerns engendered by this situation include lack of adequate water for drinking and food preparation, lack of adequate water for personal hygiene and household cleaning, and inefficiency of the sanitary sewer system.

Many residents were collecting rainwater, snow, and roof runoff for domestic use. Many properties had been abandoned since they have been inhabitable due to a lack of domestic water. Other residents hauled water to maintain their homes. Without RUS assistance, these homeowners would have been without water for a year or many years.

### **Debt Refinancing Provides Savings**

Electric program staff, working with five RUS rural electric cooperative power supply borrowers, produced annual savings of more than \$30 million for rural consumers in four States by refinancing high-interest utility debt. These refinancing savings can be passed on to the power supply borrowers' member distribution cooperatives and to their members—rural Americans. The North Carolina Electric Membership Corporation of Raleigh, North Carolina; Georgia Transmission Corporation of Tucker, Georgia; East River Electric Power Cooperative in Madison, South Dakota; and Sho-Me Power Cooperative in Marshfield, Missouri, refinanced \$1,199,065,066 in Federal Financing Bank loans, guaranteed by RUS, to provide the savings.

### **Development of the Administration's Comprehensive Electric Competition Plan**

USDA and RUS actively participated in the development of the President's Electric Competition Plan and proposed legislation. USDA participation on the White House Interagency Working Group on Restructuring increased awareness of the many challenges facing rural areas in maintaining access to affordable electric power.

As a result of interagency discussions, the President's Plan and legislation sent to Congress in June 1998 contain a number of provisions to protect rural electric systems and their customers. The legislation requires the Federal Energy Regulatory Commission (FERC) to recognize the special nature of rural electric systems and to assure that RUS borrowers will, to the maximum extent practicable, be able to meet their loan obligations. The Plan also provides for a rural safety net to offset adverse economic consequences for rural systems to be administered through a public benefits fund.

### **Community Facilities-Financed Hospital Named Best Hospital in the Nation With Fewer Than 350 Beds**

Recently, Solution Point, a hospital survey company, named North Hawaii Community Hospital the best hospital in the Nation with fewer than 350 beds. The 50-bed hospital won a Best in Class Consumer Satisfaction Award for total processes.

The City of Lock Haven received a \$500,000 USDA Rural Business Enterprise Grant to expand the loan fund; the city also developed a grant program in conjunction with the fund. Small businesses that are planning renovations or construction can apply for grants of up to \$5,000.

### **Kentucky Highlands EZ Attracts 13 New Businesses**

Since receiving its designation as an Empowerment Zone (EZ) 3 years ago, the Kentucky Highlands EZ has assisted 13 businesses that have either located or made commitments to locate within the EZ area. The EZ has invested more than \$4.1 million in local businesses, which now employ more than 160 residents of Clinton, Jackson, and Wayne Counties.

### **RUS Influences Telecommunications Worldwide**

The influence of the RUS Telecommunications Program reaches around the world. The government of South Africa asked the National Telephone Cooperative Association (NTCA) to help find a way to get telecommunications services into the unserved and underserved areas of the country. NTCA is using RUS statistical reports from 1961 to 1996 to profile the progress that rural cooperatives have made in the United States. Through analysis of this statistical information, NTCA expects to show how cooperatives start with little capital, grow stronger with time, and eventually can sponsor rural economic development projects of their own. The NTCA representative said that the RUS statistical information is the best in the industry, and that without it this task would be very difficult.

**Village of Kongiganak, Alaska**

Kongiganak, a USDA Rural Development-designated Champion Community, received a \$300,000 Rural Alaska Village Grant to match a \$500,000 grant from the State of Alaska. These funds will upgrade wastewater treatment facilities and the community's washeteria, which is the only source of drinking water for the community's 349 native Alaskans. Currently, some residents use rain catchments during the summer and ice melt in the winter for their fresh water supply. Wastewater is removed by using honey buckets that are hauled by the village to a pretreatment plant at the sewage lagoon. The project will also locate and develop a potable water supply for this remote, rural Alaskan village.

The hospital also won top awards among small hospitals for housekeeping and food services. The hospital combines modern medicine with health care not normally found in a hospital, such as psychology, naturopathy, chiropractic, massage therapy, and acupuncture. North Hawaii Community Hospital was funded through a \$15 million Community Facilities guaranteed loan made by Bank of America. The State of Hawaii provided grant funds and the local community raised \$6 million in contributions.

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## 6. Investing in the Future Through Research, Education, and Economics

### Agricultural Research Service

#### Mission

As USDA's main in-house research arm and one of the four agencies that make up the Research, Education, and Economics mission area, the Agricultural Research Service (ARS) conducts research to develop and transfer solutions to agricultural problems of high national priority and provides information access and dissemination to:

- Ensure high-quality, safe food, and other agricultural products,
- Assess the nutritional needs of Americans,
- Sustain a competitive agricultural economy,
- Enhance the natural resource base and the environment, and
- Provide economic opportunities for rural citizens, communities, and society as a whole.

#### Selected accomplishments for FY 1998

- A new product created by ARS researchers significantly reduces potential Salmonella contamination in chickens. In U.S. field tests involving 80,000 chickens, the product—called PREEMPT—reduced Salmonella from about 7 percent in untreated chickens to zero percent in treated chickens. PREEMPT is a blend of 29 live, non-harmful bacteria naturally present in healthy adult chickens. These bacteria are sprayed in a fine mist over newly hatched chicks and prevented Salmonella from gaining a foothold in the chicks' intestines.
- The water quality threat from phosphorus in chicken and pig manure could be greatly reduced by a new type of feed corn that's low in phytic acid. Phosphorus loss to manure is 25 to 40 percent less when animals eat the low-phytic acid corn discovered by an ARS scientist. Excess phosphorus pollutes many bodies of water such as the Chesapeake Bay.
- An enzyme in horseradish could make it easier to produce life-saving anti-cancer drugs, preliminary research by ARS scientists suggests. The scientists devised a method that uses the enzyme horseradish peroxidase in making cancer drugs known as chlorins. The new one-step method could save time and money.
- Tender, affordable meats with less fat could come from hydrodyne, technology that uses shock waves to improve the texture of everything from lamb chops to steaks. Hydrodyne was developed in part by ARS scientists. With hydrodyne, underwater shock waves from a high-energy explosive charge tenderize meat with pressures as high as 25,000 pounds per square inch. Hydrodyne technology can provide a 50- to 70-percent improvement in tenderness of less tender meat. Hydrodyne also provides an alternative to fat as a source of tenderness.
- ARS scientists showed that putting a little extra color in the tomato patch can reduce the need for pesticides and boost yields, too. In field studies in South Carolina, tomato plants grown with red plastic mulch in nematode-infested soil produced 17 pounds of fruit, more than double the yield of tomatoes grown with traditional black plastic mulch on infested soil. This was the first study documenting that red mulch suppresses damage from the root-dwelling nematodes.
- A study of 247 women at the USDA Human Nutrition Research Center on Aging at Tufts, Boston, confirmed that long-term use of vitamin C supplements substantially reduces the risk of cataract—a clouding of the eye's lens. There



*ARS food technologist Morse Solomon (left) prepares a test of Hydrodyne process, which can tenderize up to 600 pounds of primal cuts at a time.*

were 77 percent fewer early-stage cataracts among the women who took the supplements daily for more than 10 years than among those who didn't take the supplements.

- From corn fiber, a low-value byproduct of corn wet milling, ARS scientists developed two valuable new products: "Amaizing oil," a corn fiber oil that may lower cholesterol, and "Zeagen," a white corn fiber gum. Feeding studies with hamsters indicated that "Amaizing oil" significantly lowered total serum cholesterol and LDL cholesterol, the kind that clogs the arteries. The corn fiber gum could be used in food as an emulsifier, a soluble dietary fiber, or a thickener, and also has potential industrial applications for use in adhesives and water-based paint thickeners.
- ARS scientists have identified the instigator behind the age-related decline in T cell function—which coordinates the body's response to an infectious agent. What's more, they were able to reduce the effects of this instigator in cultured cells. The scientists showed that prostaglandin E2 (PGE2) might contribute to the decline of T cell function in seniors because too much of this inflammation-producing substance has been shown to suppress T cell activity. Adding the antioxidant vitamin E to the cell cultures reduced PGE2 levels and improved T cell function. This suggests that people might slow the dysfunction of the immune system as they age by increasing body levels of vitamin E and possibly other nutrients.
- A new detector built by an ARS scientist and an Iowa State University chemist illuminates otherwise-unseen fecal contamination on meat and alerts meat packers to the contamination within seconds. Feces are the major source of bacterial contamination in livestock and poultry slaughterhouses. With the new device, which utilizes fluorescent spectroscopy, a contaminated carcass can be identified and then sanitized before the contamination spreads.
- ARS scientists in the spring of 1998 kicked off a new national project to suppress the Formosan subterranean termite, starting in New Orleans. The termite is now established in more than a dozen States, costing \$1 billion annually in repairs and control measures. An information site on the project can be found on the World Wide Web at [www.ars.usda.gov/is/fullstop](http://www.ars.usda.gov/is/fullstop)
- New revved-up biodiesel fuels that start engines at cold temperatures down to 5 degrees F have been developed by ARS scientists. The research should help speed up the commercialization of biodiesel fuels—a boost for U.S. soybean growers and the environment. Cold has been a problem for biodiesel fuels because temperatures at or below freezing cause them to form solid, waxy crystals that block fuel lines and filters. The ARS scientists devised a three-step winterization process of mixing in additives, chilling the fuel, and filtering out solids. The research can help put biodiesel fuels into city buses, government and industry fleet cars, and underground mining equipment. The Federal Energy Policy Act requires 75 percent of all new State and Federal vehicles to be fitted for alternative fuels by the year 2001.

#### **Farm\*A\*Syst Home\*A\*Syst Wins Hammer Award**

This national program, centered at the University of Wisconsin, is an example of how Federal and State government agencies and the Extension services of the State land-grant college system can creatively work together to benefit rural America and the environment. Most people know that water pollution can come from crop land, rangeland, and livestock areas. But water pollution can also be generated around the farmstead where farm buildings are located, where petroleum and chemicals are stored and handled, and where animals are maintained and farm equipment serviced. Landowners are usually not aware of these problems, cost-effective abatement actions, or government assistance programs. This program, jointly funded by USDA's CSREES and NRCS and EPA, has addressed this need with a unique approach. A small interagency team refined prototype education/assessment materials for several States. Alternative delivery approaches were piloted and lessons learned were shared with other State teams. Farm\*A\*Syst assessment and educational packages organize technical and management information obtained from a variety of disciplines and government agencies into one simplified and highly usable system of up to 15 educational models and worksheets. Using these, farmers develop action plans to reduce or eliminate pollution risks on their property.

## **Cooperative State Research, Education, and Extension Service**

### **Mission**

The mission of the Cooperative State Research, Education, and Extension Service (CSREES) is to achieve significant and equitable improvements in domestic and global economic, environmental, and social conditions by advancing creative and integrated research, education, and extension programs in food, agricultural, and related sciences in partnership with both the public and private sectors.

## **USDA Grants To Boost U.S. Agricultural Competitiveness**

USDA awarded \$3 million in Risk Management Education Program grants to help farmers and ranchers compete in local and global markets. Some of the 17 grants give special attention to the needs of limited-resource farmers. The grants are part of a coordinated USDA risk management education and insurance protection program required by the Federal Agricultural Improvement and Reform Act of 1996.

### **USDA Celebrates 50th Anniversary of International Four-H Youth Exchange**

More than 600 participants from 26 countries on 6 continents participated in the 7th World International Four-H Youth Exchange Conference in Washington, DC. Deputy Secretary Richard Rominger congratulated the participants on 50 years of intercultural understanding at the 50th anniversary celebration at the National 4-H Center in Chevy Chase, Maryland. Participants attended workshops and interactive events, including an international bazaar, dinner at the U.S. Capitol, and an interfaith assembly.

### **Fund for Rural America Grants for Research, Education, and Extension**

CSREES developed and carried out the \$31.2 million competitive research, education, and extension grants component of the Fund for Rural America, awarding 115 grants to organizations in 39 States. The grants support research, education, and extension projects that strengthen USDA agricultural, environmental, and rural development efforts and improve the quality of life for rural residents. In

addition, the grants will help USDA improve delivery of services to underserved and poorly served farmers and other rural residents.

### **USDA Grants \$2.4 Million for Community Food Security**

CSREES awarded \$2.4 million to 18 communities in 12 states to address local food, farm, and nutrition issues and help them become more self-sufficient in providing for their own food and nutrition needs. Many of the funded projects focus on helping communities meet the nutritional needs of low-income and elderly people. Some of the projects incorporate small business development, direct markets for local farms, and job training programs for youth.

### **USDA Water Quality Education Grants Target Underserved Communities**

CSREES awarded more than \$678,000 in USDA water quality education grants to help underserved communities make informed decisions about their water resources. The 17 grants are designed to help the communities improve water management, handle storm water, manage wastes, and protect or improve the quality of their water supplies.

### **USDA Reaches Out to Communities on the Year 2000 “Bug”**

The Year 2000 (Y2K) “bug” affects every part of society. The Nation’s food supply sector is at risk due to heavy dependence on computerized processing and information exchange. CSREES created a Y2K Community Outreach awareness campaign, putting valuable Y2K information into the hands of the public through the vast Cooperative Extension Service network of educators and specialists. The Y2K toolkit gave producers a clear understanding of the implications of the Y2K problem, solutions, and strategies for assessing their own situations, and suggestions for creating contingency plans should systems fail.

### **Small Farm Digest: Valuable Resource**

CSREES’ Small Farm Program works hard to improve the income and economic viability of small farms. One valuable resource for small farmers, introduced this year, is the Small Farm Digest, a quarterly newsletter distributed in print to more than 26,000 subscribers and also available via the World Wide Web. The newsletter highlights information from the national

perspective, offers details of programs and resources available to small farmers, fosters discussion among small farmers, and presents success stories of small farmers to their peers.

### **Capacity Building Grants Awarded by USDA**

Capacity building grants were awarded to support 42 teaching and research projects at historically black 1890 land-grant institutions and Tuskegee University. The \$9.2 million program is designed to strengthen partnerships, promote workforce diversity, and enhance the institutions' teaching and research programs in the food and agricultural sciences. Teaching projects will focus on innovative student recruitment and retention activities, develop new and updated curricula, and acquire cutting-edge instructional delivery systems and scientific instrumentation for teaching. Research projects will address critical issues of State, regional, and national importance in such areas as food safety, human nutrition, environmental sciences, biotechnology, and plant and animal sciences.

### **USDA Celebrates National Research Initiative 20th Anniversary**

The USDA and the National Academy of Sciences celebrated 20 years of competitive research grants in agriculture, recognizing USDA support for competitively funded research in fundamental and applied sciences important to agriculture. The introduction of a competitive research grants program at USDA in 1978 expanded the attention to fundamental sciences in agriculture and attracted high-quality scientists to study issues underlying agriculture. This CSREES program was expanded in 1991 to form the National Research Initiative in response to a National Academy of Sciences report, *Investing in Research: A Proposal to Strengthen the Agricultural, Food, and Environmental System*, and has served as a model for other competitive grants programs within USDA.

### **Tribal Colleges Receive USDA Extension Awards**

CSREES awarded nearly \$2 million to 29 tribal colleges under USDA's New Tribal Colleges Extension Program. The program supports training and education in a wide variety of areas, including production agriculture; business management; community and family development; 4-H and youth leadership; natural resources and conservation; and nutrition, diet, and health.

## **Economic Research Service**

### **Mission**

The mission of the Economic Research Service is to provide economic analysis on efficiency, efficacy, and equity issues related to agriculture, food, natural resources, and rural development to improve public and private decisionmaking.

### **Accomplishments**

Following are some key accomplishments of the Economic Research Service for FY 1998:

### **Implications of Regional Trade Agreements and the World Trade Organization**

An ERS report, *Regional Trade Agreements and U.S. Agriculture (AER-771)*, analyzes RTA's and concludes that U.S. agriculture can benefit from participating in them and may lose when it does not participate. Agriculture is an important source of potential U.S. gains from RTA's.

### **Asian Financial Crisis**

ERS conducted several analyses during 1998 of the implications for U.S. agriculture of the rapidly changing Asian economic and financial conditions. The potential scope and impact of the Asian financial crisis was first summarized in *Agricultural Outlook (AGO-248)*. The initial assessment provided the analytic base for reassessing the Department's short and intermediate outlook for U.S. agriculture and trade and allowed for more informed private and public decisions relative to the Asian crisis and its linkage to U.S. agriculture.

### **Effects of Prices and Income on Food Choices**

Economic factors such as food prices and consumer income are important determinants of food choices, with potential consequences for nutrient availability. An ERS report, *How Economic Factors Influence the Nutrient Content of Diets* (TB-1864), provides estimates of how the availability of 28 nutrients would change as consumers alter their food purchases in response to changes in food prices and income through the interdependent food demand relationships. Estimates of nutrient income responses can also be a starting point in evaluating possible effects of income changes on dietary quality when food stamp benefits are cut or increased.

### **Sustainability in the Great Plains**

ERS published a variety of research perspectives on economic sustainability in the Great Plains in a special issue of USDA's *Rural Development Perspectives* focusing on issues related to building a sustainable economy in the rural Great Plains. The research effort emphasized the effects of 1996 farm legislation, the long-term decline of population, changing linkages between net migration and natural amenities and suburbanization, the needs of manufacturing firms, distress in the retail/wholesale sector, and the potential effects of Federal programs in the region.

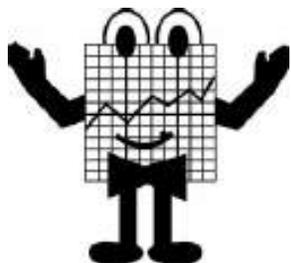
### **Highlighting the Performance of America's Food System**

ERS provides needed research and information to assess the ability and performance of the Nation's food system to deliver safe and nutritious food at reasonable prices. The broad and inventive research program provided information to Federal policy officials on demographic, social, and economic determinants of diet quality; the costs of poor diets; and the benefits of improving diets and nutrition; thereby highlighting the importance of know-ledge and health education in shaping consumers' diets.

### **Enhanced Understanding of Farms and Rural America**

ERS tracks and explains the changes being experienced on farms and in rural America. Such structural information about farms and rural communities is particularly important in showing the heterogeneity of farms and businesses that comprise the economic landscape of rural areas. As a result, the Secretary's National Commission on Small Farms relied heavily and almost exclusively on ERS information for the factual basis that was used to augment, validate, or refute impressions and beliefs about the situation and problems of small and minority-operated farms out of which the Commission prepared recommendations.

Information generated by ERS is particularly important for policymakers as they deal with small or disadvantaged farms, minority farmers, and the impacts of market and natural events. For example, ERS developed a new economic typology to characterize farms by linking primary occupation of the farm operators and their stage of career to value of production as a way to understand unique needs. In another example, ERS research on rural and agricultural credit markets has been used to assess the impact of proposed changes in USDA's farm loan programs.



## **National Agricultural Statistics Service**

The mission of the National Agricultural Statistics Service (NASS) is to serve the basic agricultural and rural data needs of the people of the United States, including those working in agriculture and those living in rural communities, by objectively providing important, usable, and accurate statistical information and services for informed decisionmaking.

### **1997 Census of Agriculture**

In 1998, NASS conducted the census of agriculture for the first time. The transition of the census from the Bureau of the Census went very smoothly, even though the census of agriculture program was transferred to NASS midway through the planning cycle. Several noteworthy improvements were implemented which resulted in a higher response rate and release of

the results 10 months earlier than the previous census.

## Dairy Products Prices

NASS implemented the Dairy Products Prices survey in September 1998 to collect prices for nonfat dry milk, butter, and dry whey. These price data are published weekly along with the ongoing cheese price series. The cheese price is the major component in the current milk price support formula (Basic Formula Price) that determines the minimum prices that plants can pay producers for milk. Under the proposed new formula, all of the above product prices would be used in the milk price support formula.

## International Agricultural Statistics Conference

NASS hosted the first International Conference on Agricultural Statistics, sponsored by the International Statistical Institute. Presentations and discussions focused on future needs for agricultural information, as well as new developments in technology and statistical survey methodology that will be required to meet those needs. The March 1998 conference, attended by over 250 participants from 50 countries, was deemed highly successful and brought NASS and USDA recognition for its leadership in promoting improved agricultural statistics throughout the world.

## International Assistance Provided

NASS provided technical assistance and training to improve agricultural statistics programs in 12 countries. A NASS staff member continued a 2-year residency assignment in Ethiopia, and short-term assignments supported work in Chile, China, Ecuador, Ethiopia, Kazakhstan, Mexico, Morocco, Nicaragua, Romania, Russia, Ukraine, and Venezuela. This technical assistance helps these countries improve agricultural data collection efforts, primarily through improved sample survey methodology. In addition, NASS' International Programs Office coordinated and/or conducted training programs in the United States for 158 visitors representing 22 countries.

### Web Stats for Kids

A new feature was added to the NASS home page, NASS Kids. This educational site for young people uses a light-hearted approach to agriculture, statistics, and math. Users are escorted through the site by "Stanley Statistician" and "Pie-Chart Pam." Among the NASS Kids features are a NASS IQ page, online coloring book, history trivia quiz, games, and links to other agricultural sites such as Ag in the Classroom. The page also offers answers to some commonly asked questions such as "What is a statistician?" and "What are charts and graphs?" The NASS Kids page was selected by Bonus.com, the SuperSite for Kids, as an "excellent site" and the site requested permission to link to it. The mission of Bonus.com is to provide access to a rich selection of entertaining and educational works on the Web that educators may use in the classroom and that children will learn from and enjoy. The NASS site also received several other awards during 1998.



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## **7. Promoting Quality and Fair Trade Through Marketing and Regulatory Services**

### **Mission**

The mission of Marketing and Regulatory Programs is to facilitate the domestic and international marketing of U.S. agricultural products and to ensure the health and care of animals and plants while improving market competitiveness and the economy for the overall benefit of both consumers and American agriculture.

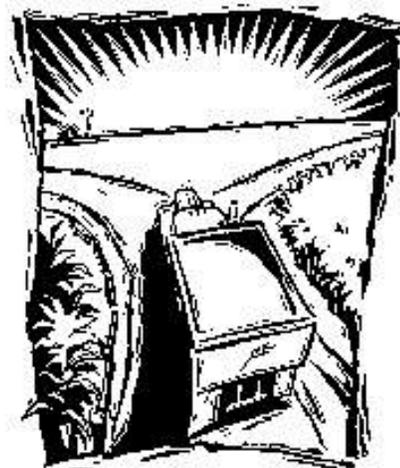
### **Efforts To Improve Oversight of Livestock Concentration**

High concentration, forward sales contracts, production contracts, and vertical integration have raised major concerns about competition and trade practices in livestock and procurement by meat packers and poultry processors. The Packers and Stockyards (P&S) program of the Grain Inspection, Packers and Stockyards Administration (GIPSA) is restructuring its headquarters and field offices to better focus on its core responsibilities—overseeing competition, trade practices, and payment protection. Eleven field offices have been consolidated into three regional offices. P&S is also incorporating economic, statistical, and legal expertise into investigations at the field office level to increase effectiveness in investigating anticompetitive practices and enforcing trade practice and payment protection.

### **Challenge to IBP's Livestock Buying Method, Right of First Refusal**

In August 1995, P&S filed a complaint alleging that IBP, Inc.'s use of an agreement to purchase cattle violated the Packers and Stockyards Act because the agreement was an unfair practice and gave unreasonable preference to a small group of Kansas feedlots by guaranteeing them the highest price paid for cattle in Kansas. The Chief Administrative Law Judge ruled that IBP's use of the agreement was not an unfair practice.

P&S appealed the Administrative Law Judge's decision to USDA's Judicial Officer (JO). However, the JO ruled that IBP's use of the agreement was not an unfair practice because the evidence did not prove that other feedlots or producers were harmed by the agreement. In addition, the JO ruled that the right of first refusal given to IBP under the agreement has the effect of reducing competition, and is, therefore, an unfair practice. IBP appealed the JO's decision to the United States Court of Appeals for the Eighth Circuit.



### **Hog Procurement Investigation**

USDA released the results of the Western Cornbelt Hog Procurement Investigation, recently completed by GIPSA. The investigation revealed substantial differences in hog characteristics and prices among pricing and procurement methods and seller sizes. Hogs sold on the spot market, hogs sold on a live-weight basis, live-weight pricing, and hogs sold by smaller sellers tended to exhibit lower hog quality characteristics and received lower prices. Price comparisons indicated that publicly reported prices did not reflect actual purchase prices.

### **Orders Issued and Penalties Assessed**

Over the past 3 years, 115 decisions and orders have been issued against 183 individuals and firms for violating the P&S

Act. The orders included more than \$366,380 in civil penalties and 314 cease and desist provisions involving unfair trade practices or anticompetitive activities.

### **New Toll-Free Number for Livestock Marketing Complaints**

GIPSA established a toll-free number (1-800-998-3447) to allow producers and the general public to file complaints and report market abuse.

### **New Technology To Measure Grain Moisture**

GIPSA implemented a new official grain moisture meter, which marks a transition to new technology for moisture measurement for the official grain inspection system. The new meter offers increased speed and reliability.

### **Testing Services for Corn Oil, Protein, and Starch**

As part of GIPSA's efforts to keep pace with an increasingly sophisticated market that requires end-use quality information, it began offering a new testing service for corn oil, protein, and starch.

### **Opening Markets and Keeping Them Open**

APHIS supports agricultural trade by providing our trading partners with scientific data indicating that U.S. products are free of pests and diseases of concern and ensuring that any trade restrictions placed on our products are based on sound science. As a result of these efforts, APHIS played a key role in removing 77 foreign trade barriers in FY 1997. U.S. agricultural producers can now ship tomatoes to Japan; table grapes to China; lemons, kiwis, oranges, and grapefruit to Chile; sweet cherries to Mexico; live swine to Argentina and Peru; and rough rice to Ecuador. Annually, these new markets have been responsible for enabling \$2.2 billion in threatened and new agricultural trade opportunities to take place.

GIPSA worked with APHIS and the Foreign Agricultural Service to convince Sanidad Vegetal (the Mexican plant quarantine authority) to suspend implementation of two new regulations that would have halted exports of U.S. wheat and sorghum to Mexico for potential *Tilletia controversa* (Kuhn).

### **Efforts Against Alien Invasive Species**

Recently, infestations of the Asian long-horned beetle—a highly destructive pest of maple and other hardwood trees—have been discovered in New York and Illinois. The introduction of this pest underlines the need to coordinate efforts to combat such introductions

APHIS is cooperating in Vice President Gore's Alien Species Initiative, a program initiated in June 1997 to create a national strategy regarding the introduction of alien invasive species. More than 20 Federal agencies have some role in dealing with invasive plant and animal pests, which are estimated to cost U.S. agriculture more than \$12 billion per year. Now, these agencies are coordinating their efforts through a National Invasive Species Council, which is currently working with State, local, and tribal governments.

### **Control and Eradication Efforts**

#### **Farmers Markets**

Secretary Glickman joined local officials and 31 vendor-farmers July 2 to kick off the first USDA farmers market of the season. The Secretary encouraged Americans to eat more fruits and vegetables and announced the results of USDA's Healthy Eating Index. He also praised the increase in farmers markets—a 35-percent rise in the number of farmers markets across the country since USDA began collecting statistics in 1993, and their benefits to consumers and small farmers.

### **California Egg Partnership Wins Hammer Award**

The California egg industry worked together with the California Department of Food and Agriculture, USDA's APHIS and CSREES, FDA's Los Angeles District, and the California Department of Health Services to develop a quality assurance plan that will ensure the highest quality and safety of eggs. Before this plan, there was no uniformity in the production of fresh eggs in California in these areas: rodent control, formal education or training in rodent control, or biosecurity. The California Egg Quality Assurance Plan is comprehensive and implements important provisions to protect the public health. There are guidelines for transportation, purchasing chicks, cleaning cages, and monitoring rodents. A multifaceted health plan covering medication and feeding is included in the certification program. The important steps of wash water and refrigeration are addressed. For employees, training and recordkeeping help ensure that employees are equipped and prepared to maintain quality and food safety. This plan demonstrates what can happen when Federal/State regulatory agencies and private industry work together toward a common goal.

APHIS is responsible for protecting U.S. agriculture from outbreaks of exotic animal and plant pests and diseases. For example, the Mediterranean fruit fly (Medfly) is one of the most devastating pests. After detections of the Medfly in Florida, APHIS joined State and local counterparts in a large-scale eradication effort. Due to this effort, no Medflies have been detected in Florida since FY 1998.

APHIS has had success working with State and local cooperators on three major animal disease eradication programs: brucellosis, tuberculosis, and pseudorabies. Currently, 43 States, Puerto Rico, and the Virgin Islands have been recognized by the State-Federal brucellosis eradication program as brucellosis-free, and 45 States and the Virgin Islands are accredited free of bovine tuberculosis. While only 31 States are currently free of swine pseudorabies, APHIS expects to achieve total eradication of this disease by the end of the year 2000.

### **Yellowstone Bison**

APHIS has been actively involved with other Federal and State agencies in efforts to resolve the problems associated with the brucellosis-infected bison herd in Yellowstone National Park. The goal of these efforts is to reduce the potential for transmission of brucellosis from infected bison to livestock and disease-free bison and elk populations in the area.

To determine a long-term strategy for the bison, a draft environmental impact statement (EIS) was published in June 1998 with the Department of Interior's National Park Service, USDA's Forest Service, APHIS, and the State of Montana as signatories. APHIS officials have finalized a brucellosis quarantine protocol for Yellowstone bison; animals that are certified free of brucellosis under this protocol will be able to be released to Native American tribes, parks, preserves, or other appropriate recipients. .

### **Reduction in Fees**

Cotton growers are paying less for cotton classification services than they did a few years ago. Through office consolidations, automation, improved automatic data handling, and the rapid utilization of newly developed equipment with lower labor requirements, the cotton classification fee for the 1998 crop is \$1.30. In 1994 the fee was \$1.80.

### **Bison Now Part of Food Purchase Program**

Secretary Glickman's April 30 authorization of up to \$2.5 million to purchase ground bison helped to reduce the large inventories.

### **Agricultural Marketing Service (AMS) Reaches Out to Small and Minority Vendors**

In September 1998, 22 small firms representing a diverse cross section of more than 400 small meat, poultry, and fruit and vegetable processors and dealers were invited to a USDA workshop to explore ways to increase small business participation in USDA's purchase programs.

### **Promoting Farmers Markets**

Finding a farmers market whether in your State or in another State is as easy as flipping the pages of the 1998 National Farmers Market Directory. The list of 2,746 farmers markets operating throughout the United States provides a comprehensive summary of market locations and hours of operation.

### **Let Your Fingers Do the Walking to the Farmers Market**

Finding a farmers market on Federal property is as easy as dialing the farmers market hotline. By calling 1-800-384-8704 farmers, vendors, customers, and market cooperators may obtain recorded information on dates, times, directions, and other information about participating in USDA-sponsored markets on Federal property.

### **Eggs-tra Eggs-tra**

The poultry and egg industry is reading all about a wide range of supply, demand, and price information as well as market comments about international marketing of poultry and eggs in a new weekly poultry market news report. The weekly International Egg and Poultry Review is available every Tuesday on a subscription basis by facsimile transmission and free on the Internet.

### **\$1.2 Million in Projects**

Through AMS' Federal State Marketing Improvement Program, USDA awarded \$1.2 million for 24 projects in 18 States in FY 1998. This will allow State agencies to conduct a wide range of research and service projects aimed at improving the marketing, distribution, and use of agricultural products.

### **One-Stop Shopping**

Members of the produce industry seeking several market news reports can now visit the Market News Customer Service Center in Fresno, California. The Customer Service Center provides customers with consistent reports that are provided in a timely manner.

Small farmers now have a one-stop information source for AMS farmer direct marketing activities. The website, [www.ams.usda.gov/directmarketing](http://www.ams.usda.gov/directmarketing), provides State contacts and links to appropriate Federal, State, university, and other websites relating to direct marketing.

### **RuleMakingMadeEasy.Gov**

USDA is a 1998 recipient of the Government Technology Leadership Award. The award is for AMS' use of the Internet and other communication technology in handling more than 280,000 comments received on its proposed rule for the national organic food and fiber standards.

People interested in marketing order information and Perishable Agricultural Commodities Act (PACA) information can view proposed rulemaking actions and electronically mail comments from both sites. Marketing Order information is available at [www.ams.usda.gov/fv/modocketlist.htm](http://www.ams.usda.gov/fv/modocketlist.htm) and PACA information is available at [www.ams.usda.gov/fv/paca/proregs.htm](http://www.ams.usda.gov/fv/paca/proregs.htm)

### **Exporting Dairy Products**

U.S. exporters to the European Union (EU) who ship cheese, ice cream, and other dairy products, as well as U.S. manufacturers who ship pizza, cheese crackers, cheese cake mixes, and other processed foods that contain dairy ingredients, will benefit from a new AMS certification program. AMS and a team of dairy industry representatives developed a

comprehensive certification program that satisfies the European Commission's equivalency requirements for dairy products exported to the European Union. Since April 1997, more than 2,000 certificates have been issued, enabling 35 million pounds of U.S. dairy products to enter the EU.

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## FY 1998 Annual Report of the Secretary of Agriculture

### USDA: Preparing for a New Millennium

## 8. Providing Administrative Support to the Department and Its Clients

### Office of Inspector General

#### Mission

The Office of Inspector General's (OIG) mission is to conduct and supervise audits and investigations to prevent or detect fraud and to improve the effectiveness of USDA programs by recommending changes that will increase efficiency and reduce wasteful and fraudulent activities.

#### Recoveries and Savings

In FY 1998, OIG identified \$63.9 million in recoveries and collections and \$48.6 million in fines and restitutions. OIG also identified \$39.5 million in questioned costs that cannot be recovered. Another \$127.9 million was identified for which management made commitments to put funds to better use. OIG efforts also resulted in 777 criminal indictments and 604 convictions.

#### Secretary Receives Civil Rights Award

On February 17, on behalf of all 18 of the 1890s land-grant colleges and universities, the president of Langston University presented Agriculture Secretary Dan Glickman with an award recognizing his leadership on civil rights issues at USDA.

#### Multimillion-Dollar Food Stamp Trafficking Cases Cracked in Several States

OIG cracked multimillion-dollar food stamp trafficking cases in several States. Twenty-four individuals have been arrested in the southern district of New York on an estimated \$60 million food stamp fraud and money laundering conspiracy. During a 2-year investigation in Philadelphia, Pennsylvania, an elaborate scheme was uncovered involving \$15 million of food stamp trafficking and money laundering. Also in Philadelphia, the owner of four retail stores pled guilty to fraudulently purchasing approximately \$5.4 million in food stamps and laundering \$4.8 million in funds. In Georgia, a grocer was sentenced to serve 5 years in prison and ordered to pay over \$3.9 million in restitution after he pled guilty to charges of money laundering and redemption of illegally received food stamps.

#### Operation Talon Shows Continued Success in Apprehending Fugitives From Justice

Operation Talon is a Presidential initiative designed to locate and apprehend fugitive felons, many of them violent offenders, who are current or former food stamp recipients. Operation Talon has been expanded to include 34 metropolitan areas in 23 States, and 3,206 fugitive felons had been arrested as of September 30, 1998.

#### Presidential Initiative in the Child and Adult Care Food Program (CACFP) Continues With Operation "Kiddie Care"

Operation "Kiddie Care" continues to detect fraud committed by CACFP sponsors around the country; as of September 11, 1998, 53 sponsors in 23 States were being audited or investigated. As part of Operation "Kiddie Care," 13 sponsors have been terminated from CACFP. These 13 had been receiving \$24.2 million in program funds annually.

### Office of Chief Financial Officer

#### Mission

The Office of the Chief Financial Officer (OCFO) will shape an environment in which USDA officials have and use high-

quality financial and performance information to make and implement effective policy, management, stewardship and program decisions.

## **National Finance Center Achieves Year 2000 Compliance Goal**

OCFO's National Finance Center (NFC) in New Orleans met a self-imposed deadline to make all its systems Year 2000 compliant. The NFC provides payroll/personnel services to 435,000 employees from USDA and 100 other Federal agencies, accounting for one-fifth of the entire Federal Government. NFC's systems include the Federal Government's Thrift Savings Plan, which is the \$67 billion 401(k) retirement plan with 2.3 million participants.

## **OCFO's National Finance Center Marks Civil Rights' Progress**

OCFO's NFC unveiled Inclusion University, a self-paced optional program for employees who want to expand their understanding of diversity issues in the workplace. An NFC original, this program is the first of its kind in the Federal Government. This effort and other initiatives contributed to a 36-percent decline in informal EEO complaints and a 41-percent decline in formal EEO complaints.

### **Reaching Out to Small and Minority Businesses**

USDA's Office of Small and Disadvantaged Business Utilization participated in the Florida Black Business Board's Second Annual "Black Business Investment Day" March 13 in Tallahassee, Florida. It also participated in a workshop March 16 in Wilson, North Carolina, on "Doing Business With Your Government."

## **USDA Increases Debt Collection by 45 Percent in FY 1998**

USDA collected \$78.3 million in delinquent debt for the first 9 months of 1998 from the Tax Refund Offset Program (TROP) and Treasury Offset Program (TOP). This figure exceeds the \$53.7 million collected during the same period in 1997 by about 45 percent.

## **Office of the Chief Information Officer**

### **Mission**

The mission of the Office of the Chief Information Officer (OCIO) is to strategically acquire and use information technology resources to improve the quality, timeliness, and cost effectiveness of USDA service delivery to its customers. The following accomplishments reflect the OCIO's efforts to achieve that mission.

### **USDA Workshop Focuses on Working Effectively With American Indians**

One of USDA's Native American liaison officials served as instructor the week of August 2 at a workshop on "Working Effectively with American Indians" in Lac du Flambeau, Wisconsin, to improve the delivery of USDA conservation programs to this historically underserved group.

### **USDA Makes Progress in Addressing "Year 2000" Problem**

USDA launched an aggressive in-house and outreach program to address Year 2000 computer and embedded chip problems and to ensure the uninterrupted delivery of its programs and services. These include food stamps to some 25

million Americans, loans and payments to millions of farmers, child nutrition programs, and programs to promote agricultural trade and to protect the environment. USDA identified 643 "mission-critical" systems: at the end of the fiscal year, 502 or 78 percent of those systems were Year 2000 compliant. Ninety-four percent of the 332 systems undergoing repair met the renovation milestone date. OCIO's National Information Technology Center (NITC)—which provides information management services and technology to support USDA agencies, the Federal Aviation Administration, and other agencies—successfully migrated its mainframe computer system to a Year 2000 compliant operating system. In addition, USDA leads the Food Supply Working Group of the President's Council on Year 2000 Conversion—raising

awareness and working with industry partners to address potential Y2K- related problems in the farm-to-table food supply chain.

## “One-Stop Service” for Customers Moves a Step Closer to Reality

USDA purchased the first increment of new technology required to fulfill our promise of providing “one-stop service” for farmers, ranchers, and customers of rural development programs. This historic milestone represents an important first step in moving away from “stove pipe” service delivery toward a shared information system for USDA’s farm, conservation, and rural development agencies. When the “Common Computing Environment” is complete, customer benefits and payments will be processed electronically, and much faster; customers will no longer have to provide the same information to different USDA agencies because they will share a common data base; customers will be able to access program information and apply from home; and the paperwork burden on USDA customers will be significantly reduced. USDA employees, freed from no-value-added work, will have more time to provide direct assistance to customers.

### OCIO’s National Information Technology Center Helps Agencies Fight Fires, Research Plants

OCIO’s National Information Technology Center (NITC) continued to improve the ability of USDA agencies to deliver critical programs and services. For example, new technology “platforms” will improve the Forest Service and other land management agencies’ ability to report risks, including fires, hurricanes, and floods; access up-to-the-minute weather information; and manage crews on the front lines. The system will include Internet access, maintenance of historical data, and enhanced reporting capabilities. Key improvements have also been made in the “Plants” website. Developed by USDA’s Natural Resources Conservation Service, the Plants site now serves approximately 40,000 users every month, providing field office employees, academic researchers, farmers, businesses, and average citizens a single source of standardized information about plants.

## Office of the Chief Economist

### Mission

The mission of the Office of the Chief Economist (OCE) is to advise the Secretary of Agriculture on the economic prospects in agricultural markets and the economic implications of policies, programs, and economic events affecting U.S. agriculture and rural communities; to ensure the public has consistent, objective and reliable agricultural forecasts; and to promote effective and efficient rules governing Departmental programs. OCE was created by the Secretary under the authority of the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994, Public Law 103-354.

OCE consists of the Chief Economist and Immediate Staff, the Office of Risk Assessment and Cost-Benefit Analysis, the Global Change Program Office, and the World Agricultural Outlook Board. Three major functions are carried out by OCE: (1) economic intelligence, policy, and program coordination, which includes farm labor, small farms, sustainable agriculture, global change, and energy activities; (2) agricultural estimates and projections; and (3) regulatory analysis.

### Small Farms Commission Report

On January 22, 1998, Secretary Glickman accepted the report of the Small Farms Commission, which was formed in response to a recommendation by USDA’s Civil Rights Action Team. The report contained 146 recommendations. Deputy Secretary Rominger was named to lead an interagency team to develop an integrated Departmental strategy to help small farmers.

### Accomplishments

In the face of growing concern about agriculture-related hazards to human health and the environment, the Department is applying sophisticated new techniques to pinpoint risks and options for reducing them. In the past year, the Office of Risk Assessment and Cost-Benefit Analysis

provided technical support for USDA risk assessments for Salmonella in eggs, irradiation of beef, pests in wood pallets imported from China, foot-and-mouth disease in beef from Argentina and South Africa, and hog cholera in Mexico. Cost-benefit analysis also helps monitor the impact and effectiveness of new programs. USDA is undertaking case studies to determine the efficacy of the Environmental Quality Incentives Program and the Conservation Reserve Program.

USDA is making sure that U.S. agricultural concerns about climate change and efforts to mitigate it are heard as the world community decides how to implement the 1997 Kyoto Accords. Risks associated with climate change and climate variability such as temperature and precipitation changes, as well as an increase in extreme weather events, could have a big impact on agriculture, forestry, and rural areas. The Department's Global Change Program Office has been an active member of the U.S. delegation at meetings on the U.N.-sponsored Accords and has taken part in other domestic and international climate change activities.

In the past year, USDA used scientific analysis to challenge claims by China and Brazil that U.S. wheat would spread fungal diseases. USDA scientists and meteorologists presented evidence demonstrating that neither country has climatic conditions that support the spread of TCK smut or karnal bunt. This information greatly weakened the arguments for banning U.S. wheat imports. Brazil recently removed TCK smut from its list of quarantined diseases that block imports and has announced it will permit imports of hard red winter wheat grown in seven U.S. States.

USDA is working with the National Weather Service (NWS) to ensure that agriculture's essential data needs can be supplied despite cutbacks in NWS specialized weather services. As the first step in developing a national agricultural weather observing network, OCE's World Agricultural Outlook Board has stationed the first field meteorologist for the network at the Agricultural Experiment Station in Stoneville, Mississippi, re-opening this former NWS site.

In addition, USDA acquired access through the Department of Defense to more than 10,000 satellite images which are available at no cost and which potentially represent a cost savings of \$400 to \$4,400 per image. Departmental agencies use satellite imagery to manage forests, monitor natural resources, forecast crops, and conduct farm programs.

Under the auspices of the United States/South Africa Bi-National Commission, USDA's World Agricultural Outlook Board has been showing South Africa how to forecast the impact of its highly variable climate on crop production. The Board arranged for a technical exchange between the developers of the Oklahoma "Mesonet" and scientists representing South Africa's Agricultural Research Council. In return, we now receive real-time weather data collected by South African counterparts.

**USDA Readies Puerto Rico Summer Internship Program**  
USDA's Farm Service Agency cosponsored an internship program for the Puerto Rico USDA Center of Excellence for Hispanic Americans in the summer of 1998, employing seven college students to work at the FSA Puerto Rico State office.

Similarly, an ongoing information exchange with China has yielded substantial analytical benefits. The Department's economic and statistical agencies are helping China improve agricultural data collection and statistical practices at the local level. Through participation in this project, USDA has substantially improved its information base with respect to the present and future of China's agricultural sector.

## Departmental Administration

### Mission

Departmental Administration's mission is to provide the most effective and efficient administrative management leadership and services to support USDA agencies and enable the Department to reach its programmatic goals.

### Bringing Rural America Venture Opportunities (BRAVO)

The Office of Small and Disadvantaged Business Utilization (OSDBU), in concert with its USDA partners, initiated the BRAVO Program. BRAVO will establish partnerships with American Indian and Alaska Native tribes, 1890 and 1994 institutions, Hispanic American colleges and universities (HACU), small disadvantaged companies, private corporations,

and government organizations to revitalize and enrich targeted rural communities.

### **USDA Purchase Card and Fleet Card Consolidation A Success**

On August 7, 1998, USDA awarded a task order to NationsBank to replace the current purchase card and fleet card service contracts. This award provides streamlined credit card services to the cardholders of USDA, and utilizes the state-of-the-art Purchase Card Management System (PCMS) allowing USDA employees to buy goods and services faster and at lower administrative costs. PCMS, upon full deployment, will offer approximately 18,000 purchase cardholders and 40,000 fleet cardholders an on-line reconciliation system that eliminates monthly statement and invoice processing, provides improved management oversight, demonstrates a user-friendly environment, and offers administrative cost avoidance savings in the coming years.

### **USDA Joins Executive Order 13101**

The President issued Executive Order 13101, "Greening the Government through Waste Prevention, Recycling and Federal Acquisition," to strengthen the environmental policies of the Administration. USDA joined in this current initiative with its own biobased products to be promoted as environmentally preferable products. For the first time, USDA will attempt to link rural job growth, agricultural production, and the use of agricultural waste products to the sale of environmentally preferable products.

#### **Vice President's National Performance Review, Silver Hammer Awarded to the Office of Operations (OO)**

OO, in cooperation with the Rural Utilities Service and the Office of the General Counsel, was awarded the Silver Hammer Award for reinvention of the cooperative utility loan program. The average turnaround time for loans was reduced from 6 months to 2 weeks. OO reduced the printing lead time from 5 days to 22 minutes using print-on-demand technology. This expedites loan services to USDA-supported cooperative utilities and improves their services to their rural customers.

### **Contracts Mean Jobs for Persons with Disabilities**

USDA achieved its strongest results to date providing a wide variety of jobs to persons with disabilities. Under the Javits-Wagner-O'Day Act Program, USDA created more than 75 new full-time jobs for persons with disabilities. The single largest contract of the year provided more than 60 jobs performing the facilities management services at USDA's new Beltsville Office Complex. More importantly, this contract is a hallmark action, being the first Commercial

Facility Manager that has been awarded to a Community Rehabilitation Program by the Federal Government, opening a new service industry with potentially hundreds of jobs nationwide.

### **Complaint Backlogs Continue To Be Reduced**

Progress was made on reducing the backlog for both program complaints and EEO complaints. By October 31, 1998, 479 program complaints had been closed out of the 1,088 that were active at the start of the year. On the EEO complaint side, 806 were closed out of the 1,523 that were active at the start of the year.

### **Major Program Complaints Resolved**

Ten farm program discrimination complaints were resolved with findings of discrimination, and significant remedies were negotiated. As a result, debt write-off and expenses for these cases totaled \$1,055,248 and compensatory damages awarded in these cases totaled \$1,804,725.

### **Beltsville Office Facility—An Award-Winning Facility**

The new Beltsville Office Facility received a Federal Energy Saver Showcase Award from the Department of Energy. The

award recognizes Federal facilities operating at their peak efficiency by using energy resources wisely. A Certificate of Merit for Excellence in Construction was received on September 16, 1998, from the Associated Builders and Contractors, Inc. The September 1998 issue of Building Design and Construction magazine includes a positive article on the success of the complex and the innovative procurement process.

### **Office of Operations (OO) Is Recognized by the National Institute of Building Sciences**

For the headquarters buildings in Washington, DC, OO was recognized by the National Institute of Building Sciences, a nongovernmental, nonprofit organization authorized by Congress to encourage and accelerate the introduction of existing and new technology into the building process. An article in the publication "Excellence in Facility Management—Five Federal Case Studies" recognized the challenges faced in maintaining beautiful, old, and historically significant buildings and commended USDA for its Energy Management Program and for "going the extra mile" for the betterment of the facilities.

### **Welfare to Work (W2W) Goal**

USDA's OHRM has Departmentwide leadership responsibility to develop and implement this Welfare to Work (W2W) Presidential Initiative. USDA works with the National Performance Review (NPR) and Office of Personnel Management (OPM) to refine the requirements of the initiative, identify barriers and challenges, and develop appropriate regulations. In less than 3 years, USDA has hired 374 employees under this initiative. This number for 1999 is just one less than the goal of 375 hires by the end of fiscal year 2000. Not only is USDA committed to helping welfare recipients obtain employment, USDA is committed to helping hired employees advance. For example, Marketing and Regulatory Programs (MRP) established a website of W2W contacts for Federal, State, nonprofit, and community-based organizations to assure wide distribution of MRP's vacancy announcements. MRP has hired more than 100 former welfare recipients. Rural Development brings employees in at the GS-3 level, then provides training and experience leading to the GS-7 level.

#### **USDA Acquisition Toolkit Provides Innovative Web Technology to User Community**

USDA deployed its Acquisition Toolkit via the Internet on March 27, 1998, offering users substantial time savings in the procurement process. One tool (direct access to the Department of Labor Service Contract and Construction wage determinations) gives agency procurement personnel immediate access to wage determinations that can be incorporated as official determinations in contract solicitations. Downloading time for this system averages 5 minutes. Previously, acquisition personnel had to request such determinations manually with administrative lead times averaging 30 days. This new Toolkit offers the users and customers of the USDA acquisition community a suite of tools selected from commercial and government acquisition solutions. The USDA Acquisition Toolkit can be found on the USDA Procurement Home Page at [www.usda.gov/da/procure.html](http://www.usda.gov/da/procure.html)

### **USDA Creates Departmental Office of Ethics**

An Office of Ethics was established under the Assistant Secretary for Administration to support and oversee ethics training, counseling, and financial disclosure throughout the Department. Among other start-up activities, this office is engaged in developing new, more efficient means of reaching USDA employees worldwide with guidance regarding the executive branch-wide Standards of Conduct, the criminal code on conflicts of interest, and the Hatch Act rules governing political activity by government employees.

### **USDA Establishes a Conflict Resolution Center**

A USDA Conflict Prevention and Resolution Center was established in March 1998. This office is charged with promoting effective conflict management practices to address disputes with customers and employees. The center's emphasis will be on providing education to develop conflict resolution skills, as well as greater use of alternative dispute resolution techniques to resolve disputes quickly and inexpensively.

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