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Office of
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Sowing the Seeds for a New Millennium

Annual Report of the Secretary of Agriculture, FY 1999



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agriculture in the most general and
comprehensive sense of that word, and
to procure, propagate, and distribute
among the people new and valuable
seeds. . . ."*

*--from the 1862 law establishing the
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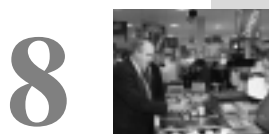
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Foreword

by Dan Glickman, Secretary of Agriculture

As we approach a new century, we can't talk about 1999 without also looking at the evolution of the Department of Agriculture throughout the 20th century.

One hundred years ago, we lived up to our nickname, "The People's Department," through our service to the half of the population that lived and worked on farms. Today, with less than 2 percent of the people working the land, our mission has evolved to include not only production agriculture, but a host of other programs and functions that make USDA today as much "The People's Department" as we've ever been—even more so.

From food safety to conservation, to managing our forests, to administering the Nation's feeding programs, to research on everything from nutrition to pollution, to looking out for the good of rural America, to, of course, production agriculture, the work we do touches the lives of every American.

Assisting Farmers and Ranchers

At the turn of the century farming usually meant raising crops, packing them on the back of the wagon, and making the long trek on dirt roads into town to sell. We're a long way away from the days when we were mostly an agrarian economy. With drastic changes in the way we grow and market our food, agriculture has been transformed to the point where only 1 in 50 Americans does the work that feeds all of us and much of the world. But, with that transformation have come new pressures, some of which have devastated farmers in recent years.

Much of the misfortune visited upon farmers in the last 2 years came through no fault of their own. So we've had to find ways to help this segment of our population who toil in relative anonymity to give us the world's safest, most abundant, and most affordable food supply.

In 1999, American farmers and ranchers suffered through a second straight year of economic hardship. Due to the fourth consecutive year of record worldwide production and continuing weak demand in Asian and other markets, commodity prices remained stubbornly low—in some cases, their lowest in 30 years. And, another year of bad weather led to devastating crop and income loss.

Once again, the Department of Agriculture, working with Congress and President Clinton, did everything possible to help our farmers get through this trying period. All told, USDA made a combined \$18 billion in direct payments and Federal crop insurance benefits in 1999. We provided over \$3.9 billion in credit, more than a three-quarters jump from 1998 and the most in the last 15 years. We increased emergency lending to its highest level since 1985.

Growers around the East Coast and the mid-Atlantic faced the driest growing season in recorded history in 1999. I declared 12 States and parts of 33 others agricultural disaster areas, qualifying them for low-interest loans and other forms of assistance.

Exports remain one of the keys to increasing farm sales and income, so we were very aggressive about increasing access to global markets. We completed an important agreement that will facilitate trade with Canada. Sanctions were eased on sales of food and medicine to Iran, Libya, and Sudan. And USDA shipped about 8 million metric tons of food to needy people around the globe, our highest total in at least a quarter century.

In April, we negotiated a wide-ranging agricultural trade agreement with China, which now promises to take effect as China prepares to join the World Trade Organization. The terms will allow our farmers to sell wheat, citrus, meat, and poultry to China. Ultimately, this deal will mean an estimated \$900 million in additional farm exports every year.

Food Safety

From the early 1900s, when the sordid conditions in America's meatpacking plants were exposed to the Nation, to today's massive Federal effort led by USDA, ensuring the safety of America's food supply has been of paramount importance to the American people.

In 1999 we continued to upgrade our food safety inspection systems to ensure that the American food supply remains the world's safest. In January, we began the second phase of our new science-based meat and poultry inspection system—Hazard Analysis and Critical Control Points (HACCP). And HACCP Phase II is working. We have found that the prevalence of

Salmonella has decreased by as much as 50 percent in small plants. And the decline we saw in *Salmonella* in large plants in 1998 continued this year.

America the Beautiful

In the early part of this century Theodore Roosevelt dedicated this Nation to the preservation of our natural resources. Since TR's day our land, air, and water have not always fared too well, especially at the hands of industrialization. But, on the cusp of the new millennium, this Nation finds itself again embracing Roosevelt's vision, working to preserve our natural resources.

President Clinton made clear our commitment to the Nation's forests by taking the first steps toward protecting 40 million acres of untouched forest land from unneeded intrusion by road builders. We helped our farmers and ranchers adopt sustainable management practices on over 16 million acres of land, and with the Interior Department, we led an interagency effort to develop a comprehensive strategy under the Clean Water Action Plan. In December, we held the Nation's first-ever private lands conservation summit to craft conservation strategies for the new millennium.

Nutritional Safety Net

Back at the turn of the century, people didn't know much about the food they ate or the effects of malnutrition on their minds and bodies. Today, thanks to nutrition research, it's a totally different story. But, even as we live in the most abundant, prosperous Nation on earth, many Americans struggle to feed their families while millions of others have unhealthy diets.

This year we continued to step up our anti-hunger efforts by making it easier for qualifying working families to obtain food stamps. And this year we found that more than one-third of all people eligible for food stamps have not been taking advantage of this program. That's why this past summer President Clinton launched a Food Stamp Outreach Campaign to let eligible people know that help is there for those who need it, and USDA continues to get the word out.

We held a Community Food Security Summit designed to increase partnerships that will help develop grass roots solutions to hunger, and we've increased our

gleaning and food recovery efforts.

Nutrition research and education have become an integral responsibility of this department. This year we've worked hard at getting the most current information into the hands of consumers—from the new Food Guide Pyramid for Young Children to strategies for combating obesity by encouraging a healthful diet and regular physical activity.

Dawn of a New Day

As the 1800s came to a close, a dedicated scientist used his intellect to revolutionize agriculture—from inventing crop rotation to finding new uses for plants. This year, in his honor and to promote the values and vision that he stood for, we renamed the headquarters complex at the world's largest agriculture research facility in Beltsville, MD—The George Washington Carver Center.

As an African American who was born during the Civil War and who died during World War II, Dr. Carver witnessed much adversity in his life, but the fiercest obstacle he faced was racism. Like American society as a whole, USDA has struggled over the years to reconcile more than a century of racial differences.

But, in 1999 we began to turn the corner. We've settled complaints and lawsuits on past discrimination and have worked hard to overhaul our institutional culture. We've insisted that all people be treated with fairness, dignity, and respect regardless of their skin color, their station in life, their physical challenges, or where their ancestors are from.

As we embark on a new year, a new century, and a new millennium, the people of USDA are proud that the work of the last year has set a course that not only meets our goals and fulfills our mission, but in a way that continues to live up to the name "The People's Department."

Farm and Foreign Agricultural Services

TOP 5 STATES BY VALUE OF CASH RECEIPTS

Cattle and Calves:

TEXAS
NEBRASKA
KANSAS
COLORADO
OKLAHOMA



Farm Service Agency

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 international food assistance programs.

Key Accomplishments for FY 1999

Farm Crisis. In 1999, the fall in commodity prices combined with disastrous weather created a huge increase in Farm Service Agency program participation, as well as demand for emergency support.

- Administered nearly \$18 billion in direct payments and Federal Crop Insurance Indemnities to farmers in 1999, an amount exceeded only once in the last 14 years.
- Delivered \$3.7 billion in Loan Deficiency Payment (LDP) and Marketing Loan Gains, a twentyfold increase over 1997.
- Provided over \$3.9 billion in credit (37,590 loans), an increase of 77 percent over last year, and a 15-year high.
- Increased emergency lending to \$329 million (3,970 farmers), the highest level since 1985.
- Provided 21,900 direct loans, (\$1.4 billion) and 15,690 guaranteed loans (\$2.5 billion).



Secretary Dan Glickman, Senator Robert Byrd (second from left), WV, and Senator Jay Rockefeller (far right), WV, tour a West Virginia farm. West Virginia was the first of many States on the East Coast to be declared a Secretarial Disaster Area and eligible for emergency farm loans and other assistance because of the drought of 1999.

- A program for at-risk high school students, jointly funded by FSA and Alcorn State University, recently concluded in Mississippi. FSA provided \$40,000 which reached 125 rural students from Mound Bayou, MS. The program exposed the minority students to a wide range of agricultural and business experiences.
- In April 1999, "Jump Teams" from Ohio were assembled to help out in Texas FSA offices. In days, volunteers were in Texas processing thousands of Crop Loss Disaster Assistance Program applications so payments could be made to needy farmers.
- To help speed up loan funds to California farmers affected by devastated weather last year, FSA deployed Farm Loan Action Teams to county offices in California.
- The USDA Field Gleaning and Food Recovery Team received the Vice President's Hammer Award. FSA worked with other Federal agencies and nonprofit organizations to pioneer an innovative and cost-effective way to recover over 4 million pounds of food and help give millions of meals to hungry Americans.
- A program was recently developed to help Hmong Cambodian and Latino immigrants employ their agricultural talents and desires. Called the New Entry Sustainable Farming Project, this program helps these aspiring farmers achieve their dreams of success in their new homeland.
- In April, 85 Puerto Rican limited-resource farmers graduated from the FSA Small Farmer Outreach Training and Technical Assistance Program, a partnership with the University of Puerto Rico. The intensive training program was designed to assist underserved limited-resource farmers by teaching management and financial analysis skills, and by improving access to all FSA and USDA programs and services.

- Issued over \$2 billion in Crop Loss Disaster Assistance Program payments, the largest crop loss disaster program ever administered by USDA.
- Processed over 2.6 million in loan program transactions (including price support and loan programs) for the 1998 crop year, an eightfold increase over 1997.
- Administered the Small Hog Operation program, which made available over \$116 million to producers suffering historic low prices.
- Administered \$198 million in payments to roughly 168,000 livestock producers under the newly created Livestock Assistance Program.
- Paid almost \$200 million to dairy producers, following the steepest decline in wholesale prices in history.
- Provided about \$50 million in Noninsured Assistance Program payments.
- Issued \$1.3 billion in Conservation Reserve Program payments.

Existing Authorities. Since it began, the President's Humanitarian Assistance Initiative has removed nearly 5 million metric tons of surplus wheat, valued at approximately \$600 million, from domestic markets which have been used to provide aid to needy countries. Total Commodity Credit Corporation (CCC) food aid shipments grew from 2.3 million metric tons for FY 1998 to a record 8 million metric tons in FY 1999. Including commodities procured in FY 1999 for programs of the U.S. Agency for International Development, total food aid shipments are expected to reach nearly 10 million metric tons by December.

Drought of 1999. FSA was busy in 1999 providing relief to East Coast farmers hit by the worst drought on record. Virtually the entire East Coast was declared a disaster by Secretary Dan Glickman. A succession of "drought tours" were held to bring attention to the plight of suffering farmers.

Reaching out to Underserved Customers. Between 1995 and 1999, FSA increased its lending to Native Americans by 175 percent, making 544 direct loans last year (up from 308 in 1995), totaling over \$29 million (up from \$11 million in 1995), a 265-percent increase in direct lending. FSA increased overall socially disadvantaged lending by 44 percent last year, from \$186,704,000 in 1998 to \$269,284,000 in 1999.

Foreign Agricultural Service

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 promoting world food security.

FAS represents the diverse interests of U.S. farmers and the food and agricultural sector abroad. It collects, analyzes, and disseminates information about

USDA and the Office of the U.S. Trade Representative (USTR) held 11 public listening sessions to solicit public comments on agricultural trade priorities for the New Round of WTO negotiations in Seattle. The sessions gave USDA and USTR officials a chance to outline general approaches for the next round, to listen to the public, and to share ideas about critical trade issues, such as market access, export subsidies, tariff reductions, internal support, state trading enterprises, labor and environmental issues, and trade concerns relating to products from new technologies.

Did You Know?

In FY 1998, U.S. agricultural exports totaled \$53.6 billion, creating an estimated 815,000 full-time jobs.

global supply and demand, trade trends, and emerging market opportunities; implements programs designed to build new markets and maintain the competitive position of U.S. products in the global marketplace; works to resolve trade issues; and carries out food aid and market-related technical assistance programs. FAS helps USDA and other Federal agencies, U.S. universities, and others enhance the global competitiveness of U.S. agriculture and helps increase income and food availability in developing nations by mobilizing expertise for agriculturally led economic growth. During FY 1999, these programs helped U.S. exporters of agricultural, fish, and forest products register sales totaling \$57.5 billion; agricultural products accounted for \$49 billion of that amount.

Key Accomplishments for FY 1999

Record Food Aid Effort. The United States shipped almost 8 million metric tons of U.S. commodities to close to 50 countries under FY 1999 food aid programs, almost five times last year's 1.6 million, and the largest tonnage in recent years. (Programs under which food aid is provided are Title I of Public Law 83-480, the Food for Progress Program, and Section 416(b) of the Agricultural Act of 1949.) This includes significant food relief for Kosovar refugees and hurricane victims in Central America and the Caribbean; USDA's first agreement providing food aid to North Korea; and the first USDA food aid shipments to Vietnam since before the Vietnam War. Major recipients of USDA food aid in FY 1999 included Russia, Bangladesh, Indonesia, North Korea, Jordan, Sudan, Ethiopia, Ecuador, Nicaragua, Honduras, El Salvador, Guatemala, the Dominican Republic, the Balkans region, Armenia, Georgia, and Tajikistan.

Trade Policy Accomplishments. In April, the United States and China signed the Agreement on U.S.-China Agricultural Cooperation, an unprecedented step in U.S.-China agricultural trade relations. With this agreement, China removes its longstanding bans on imports of U.S. wheat, citrus, meat, and poultry. The agreement also calls for China's commitment to the application of sound science in trade issues, a key principle of the World Trade Organization (WTO) Sanitary and Phytosanitary Agreement. Removal of China's phytosanitary restrictions alone should translate into a direct increase in exports of these commodities. Once this agreement is fully implemented, it is estimated that annual U.S. agricultural exports will increase by almost \$900 million.

FAS continued to monitor foreign countries' compliance with Uruguay Round Agreement commitments during FY 1999. At quarterly meetings of the WTO Committee on Agriculture, FAS analysts reviewed and raised questions on over 250 issues. The value of trade addressed through U.S. vigilance of members' commitments is over \$500 million. This was achieved through questioning grain purchasing policies that appeared to violate export subsidy commitments; challenging the discriminatory issuance of import licenses for

TOP 5 STATES BY VALUE OF CASH RECEIPTS

Dairy Products:	CALIFORNIA
	WISCONSIN
	NEW YORK
	PENNSYLVANIA
	MINNESOTA



dairy products, pork, and poultry; questioning the execution of a preferential trade arrangement that harmed U.S. apple exports; and questioning the incidence of low imports for a range of commodities under the tariff rate quota. As a result of these efforts, several members halted or modified WTO-inconsistent practices.

FAS offices continued to support U.S. exporters in overseas markets. For example, FAS' New Delhi office secured and disseminated information on India's phytosanitary requirements for corn imports, facilitating the first-ever commercial sales of U.S. corn to India of 85,000 tons, valued at \$8.5 million. Exports of corn to this new market are expected to rise next year.



Senator Herb Kohl, WI, Ranking Member, Senate Appropriations Subcommittee on Agriculture, Rural Development, and Related Agencies.

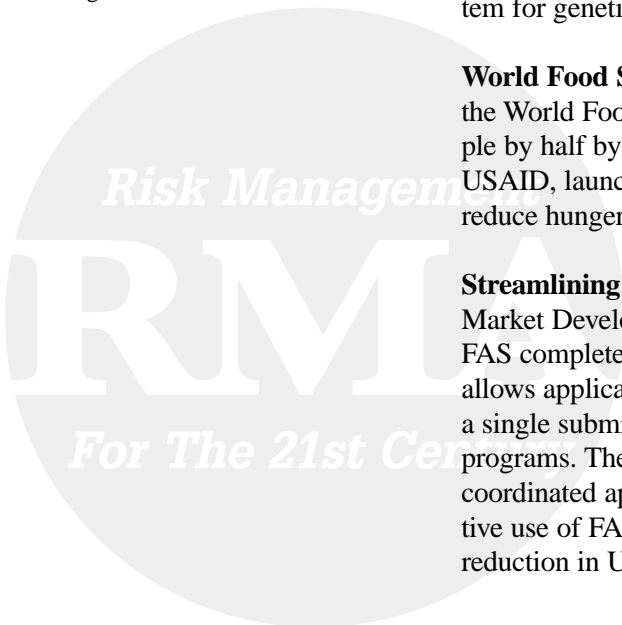
Exporter Assistance. FAS administers export credit programs designed to develop overseas markets and expand U.S. agricultural exports by allowing exporters to compete with sales terms offered by foreign competitors. In FY 1999, these programs provided credit guarantees that facilitated sales of about \$3.0 billion of U.S. agricultural exports.

International Research Efforts. FAS also promotes mutually beneficial biotechnology research on crops important to both U.S. agriculture and global food security through international scientific research exchanges and programs. USDA and its international partners are using biotechnology to develop livestock vaccines, which may have important implications for human medical research.

By providing technical scientific workshops, FAS successfully negotiated a protocol with China that allowed U.S. genetic exporters greater access to China's genetic market. USDA is also promoting seminars and visits to educate international regulators, officials, and media on the U.S. regulatory system for genetically modified organisms.

World Food Security. The United States continued its strong commitment to the World Food Summit goal of reducing the number of undernourished people by half by the year 2015. USDA, along with the Department of State and USAID, launched the U.S. action plan, which outlines U.S. proposals to reduce hunger both in the United States and around the world.

Streamlining Program Operations. In administering USDA's Foreign Market Development Cooperator Program and Market Access Program, FAS completed development of the Unified Export Strategy (UES), which allows applicants to consolidate applications for funding and assistance into a single submission for these and other FAS market development assistance programs. The UES also encourages program applicants to adopt a more coordinated approach to their marketing strategy by facilitating a more effective use of FAS' market development programs. Savings include a substantial reduction in U.S. Government administrative costs and a reduction in govern-



Risk Training Helps Latinos Transition from Employee to Employer

The Rural Development Center (RDC), a project of the Association for Community-Based Education in Salinas, California, has been helping Latino farm workers become self-supporting farmers since 1984—following the donation of 112 acres of land to the Association for Community-Based Education. The Center’s Small Farm Education project has a 6-month classroom training program that is open to the whole family. RMA has a big stake in the success of this program and the outreach activities of the Center. Bill Murphy, Director of the Sacramento Regional Office, said, “The risk management training we provide, in Spanish, helps participants improve their decision-making skills.”

Participants get a chance to practice their new skills before they farm on their own. Through a 3-year apprenticeship relationship with the Center, participants rent a half acre the first year and progress to five acres the last year.

Families have a financial as well as educational investment in their success. Through the Center they are able to obtain a line of credit and get technical assistance. The first year they pay \$150 per acre for rent, and as they take on more land and become more adept with cultivating their crops, the rent rises to \$350 per acre per year, still at a rate less than half of what is available commercially. The goal is to train the farmers to manage their farms as businesses.

Luis Sierra, Marketing Education Program Coordinator for the Center, is enthusiastic about the RMA contribution to the success of the program. “The RMA trainers incorporate risk management education into a small-farm production and management curriculum. Because marketing and managing risk are as important as growing a crop, the training is critical to our farmers’ prospects for success.”

The Center offers evening workshops and weekend classes in Spanish. Sierra continues, “We have 34 families participating in the program now, and have averaged 10 graduates a year since its inception.”

ment and private sector labor of over 100,000 hours. For this effort, FAS received Vice President Gore’s Hammer Award.

Risk Management Agency

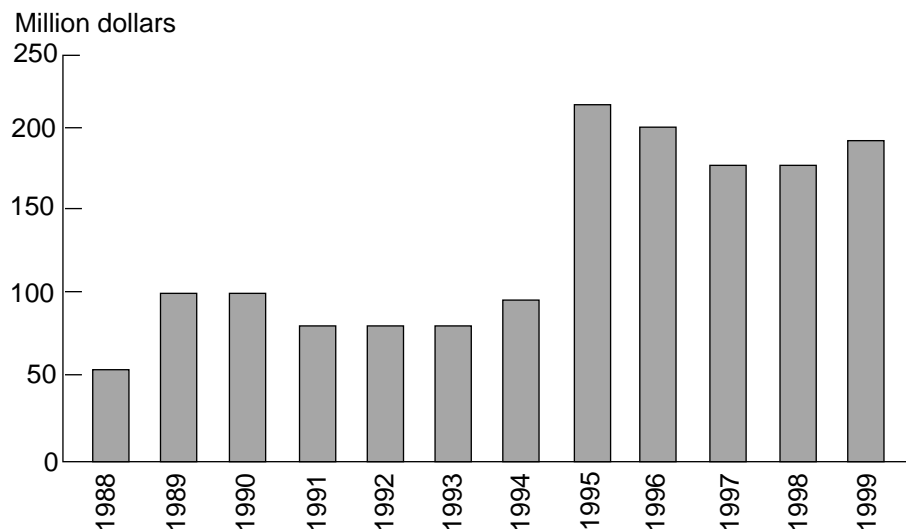
The Risk Management Agency (RMA) will provide and support cost-effective means of managing risk to improve the economic stability of agriculture.

Key Accomplishments for FY 1999

In February 1999, Secretary Glickman and RMA proposed a number of measures to improve crop insurance, including (1) raising the coverage floor for catastrophic risk protection coverage, (2) making higher level coverage more affordable by increasing premium policies, (3) covering multiyear disasters, (4) speeding up the development of new policies, (5) insuring certain livestock losses, (6) improving the Noninsured Crop Disaster Assistance Program by increasing coverage and replacing the area trigger with a Secretarial or Presidential disaster designation, and (7) providing better information and service to producers.

So that more producers can benefit from crop insurance protection, in 1999, RMA implemented pilot programs for adjusted gross revenue insurance, and crops including avocado, cabbage, cherries, mustard, wild rice, and winter squash, among others. RMA expanded 29 current programs into an additional 574 counties, for a national total of 35,423 programs in 2,983 counties. RMA began a gleaning program, lowered cotton rates for many southern producers, improved its nursery and citrus programs, and boosted program integrity. For the 2000 crop year, RMA approved pilot programs for

U.S. total net insured acres, 1988-99

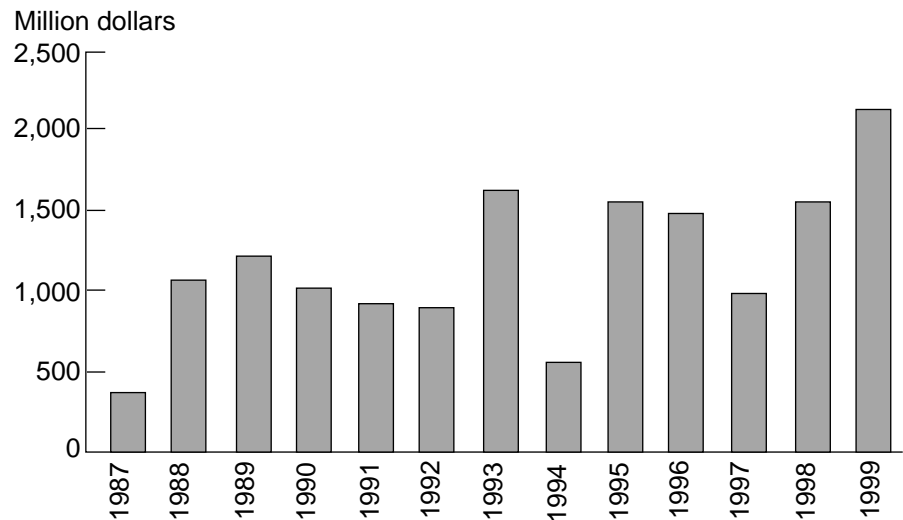


cultivated clams, chili peppers, cucumbers, mint, snap beans, and strawberries, and expanded other existing pilots. RMA also developed a coverage enhancement option for multi-peril crop insurance and stage removal insurance for onions for the 2000 crop year.

Response to Farm Crises. RMA responded to the urgent needs of farmers affected by declining commodity prices and the catastrophic effects of several years of disastrous weather, including those resulting from Hurricane Floyd. Following Hurricane Floyd, RMA promptly instituted special emergency loss determination procedures to expedite loss adjustments and speed indemnity payments to producers who were devastated by the flooding in eastern North Carolina, South Carolina, and Virginia.

The 1999 Appropriations Act authorized the agency to offer producers an estimated 30 percent premium discount for new or increased crop insurance coverage. As a result, more than 91,000 producers increased their coverage levels and approximately 43,000 purchased new policies for the first time at coverages above the minimum level. Secretary Glickman has announced an estimated 25 percent premium reduction for the 2000 crop year.

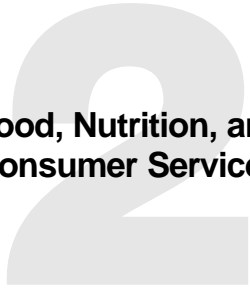
Increase in loss payments to farmers, 1987-99



Risk Management Education. RMA—in partnership with the Cooperative State Research, Education, and Extension Service (CSREES) and private-sector education partners—proceeded to Stage Three of the Risk Management Education (RME) initiative.

Dairy Options Pilot Program. RMA's Dairy Options Pilot Program (DOPP) provided dairy farmers in selected pilot areas with hands-on opportunities to use options markets for price risk management.

Food, Nutrition, and Consumer Services



USDA nutrition assistance programs helped feed about 1 in 6 Americans in an average month in FY 1999. More than 18 million people received food stamps; about 27 million children received subsidized school meals, more than 60 percent of them free or at reduced price; the WIC Program (Special Supplemental Nutrition Program for Women, Infants, and Children) provided nutritious food, nutrition education, and medical referrals to more than 7.3 million new moms, their infants, and young children.

Center for Nutrition Policy and Promotion

Established in 1994, USDA's Center for Nutrition Policy and Promotion (CNPP) helps analyze and develop nutrition policy, nutrition promotion, and nutrition education. As the lead Federal Department in human nutrition, USDA is charged with promoting a healthy, well-nourished population through research and nutrition education. CNPP is a substantial contributor to this effort.

The mission of the Center for Nutrition Policy and Promotion is to improve the health of Americans by developing and promoting dietary guidance that links scientific research to the nutritional needs of consumers. The Center provides direction and coordination for USDA's nutrition education and policy activities by serving as the focal point within USDA for translating nutrition research into educational materials that increase public understanding of good nutrition and a healthful diet.

TOP 5 STATES BY VALUE OF CASH RECEIPTS

Soybeans:

IOWA

ILLINOIS

INDIANA

MINNESOTA

OHIO



A school foodservice employee inventories USDA commodities used to prepare meals for the School Breakfast and School Lunch Programs.

Key Accomplishments for FY 1999



When Hurricane Floyd roared into Virginia and the Carolinas, FNS was among the first Federal agencies to respond. There are many concerns following a storm, earthquake, civil disturbance, flood or other disaster, but none is more important than providing food in areas where people may find themselves suddenly, and often critically, in need. In 1999, FNS provided more than \$44 million in disaster food stamp benefits, primarily to victims of Hurricane Floyd. The agency also provided five truckloads of food to help provide meals for people in shelters.

Childhood Obesity. With growing national concern over obesity, the Center addresses this problem, particularly childhood obesity. In FY 1999, the Center devoted much of its resources on this problem, and it will continue to develop effective nutrition messages to assist the public in consuming a healthy diet while maintaining a healthy weight.

***Food Guide Pyramid for Young Children.** The Center developed and released this adaptation of the original Food Guide Pyramid to help improve the diets of children 2 to 6 years old, by simplifying the educational messages and focusing on young children’s food preferences and nutritional requirements. The Pyramid has been incorporated into many educational materials by industry partners, USDA nutrition programs, and State and local nutrition education organizations. (Pyramid shown on page 11.)

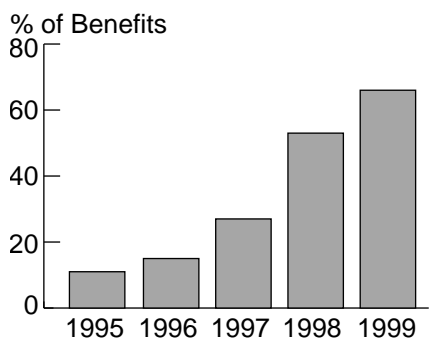
Dietary Guidelines for the Year 2000. The Center is an active member of the USDA/Department of Health and Human Services Management Team supporting the development of the Year 2000 edition of the Dietary Guidelines for Americans. Every 5 years, a Dietary Guidelines Advisory Committee composed of experts in the field of nutrition meets to review the current guidelines and identify revisions based on the latest scientific evidence. The Center has primary responsibility for preparing and publishing the Dietary Guidelines consumer bulletin, Nutrition and Your Health: Dietary Guidelines for Americans.

CNPP Scientific Symposia. Using a day-long conference format with a number of nationally recognized scientists and policy experts, CNPP has been successful in bringing some of the latest nutritional and dietary information to nutrition professionals, policy makers, and the public via the media. Symposia topics have included: Childhood Obesity: Causes and Prevention; Breakfast and Learning in Children; and Dietary Behavior: Why We Choose the Foods We Eat.

Review of the Nutritional Status of WIC Participants. The Center released a *Review of the Nutritional Status of WIC Participants* to provide a scientific background for making decisions on the food packages provided by the WIC program. The review assessed how well the packages assist low-income recipients in meeting the nutritional standards for a healthful diet.

For nutrition and dietary information, the public is invited to visit the CNPP web site at: www.usda.gov/cnpp

Percentage of food stamp benefit dollars delivered by Electronic Benefit Transfer (EBT)

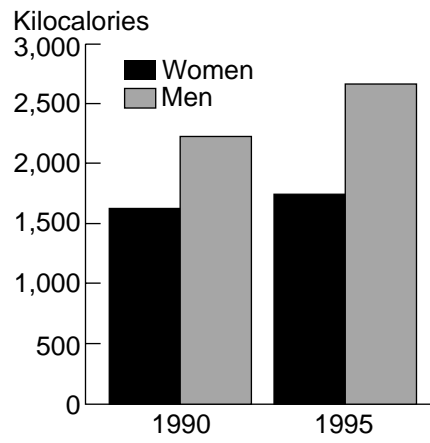


How much does USDA care what you and your kids eat? Well, a lot. As nutrition-related medical problems—obesity, heart disease, diabetes, and some cancers—affect more and more Americans, USDA is working not just to provide food, but to empower people with the knowledge and motivation they need to shift their eating behavior toward more healthy dietary choices. Nutrition education has always been a factor in WIC and the school meals programs, but increasingly it is incorporated into food stamps, commodity distribution, and other programs as well.



Elementary school children ready to enjoy a healthy lunch. USDA's child nutrition assistance programs now serve more than 26 million children every school day.

**Total Caloric Intake
Men and Women, Ages 19 to 50
years 1990 and 1995**



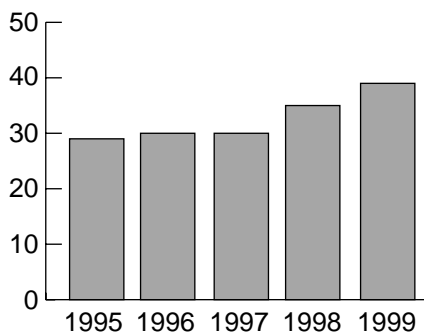
Food and Nutrition Service

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

Key Accomplishments for FY 1999

Improving Food Stamps to Better Serve Working Families. The Administration took key administrative steps to ensure that the Food Stamp Program provides a strong safety net for children and low-income people,

Number of States, territories, and tribal organizations participating in the WIC Farmers Market Nutritional Program



and continues to support the transition from welfare to work and responsibility:

- In July, USDA took action to improve access to food stamps for working families who need them. New FNS policy guidance makes it easier for working families to own a car and still receive food stamps, and new rules decrease the administrative burden on States and working families.
- A national public education campaign, using materials in English and Spanish, targets the working poor, immigrants, the elderly, and the general public, to increase awareness of their potential Food Stamp eligibility. A toll-free hotline (1-800-221-5689) in English and Spanish helps people learn about program requirements and benefits.

Expanding Access to After-School Snacks for Children. In 1999, USDA worked to reach more children across the Nation with the nutritious food they need to learn and grow. New legislative provisions 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. Expanding nutritious meals and snacks to older children is expected to draw 1 million children a day into after-school programs.

Electronic Benefit Transfer—EBT—is touching more people’s lives daily as States make increasing use of this technology to issue food stamps and other benefits using a plastic card like a bank debit card. EBT eliminates the danger of lost or stolen food stamps; it overcomes the stigma many people say they feel in using paper food stamp coupons; it simplifies accounting for food retailers and banks; and it saves taxpayers the cost of printing, distributing, and destroying food stamp coupons.



A shopper presents an Electronic Benefit Transfer (EBT) card for payment of groceries. The card eliminates the danger of lost or stolen food stamps.

Did You Know?

Two-thirds of USDA's entire FY 1999 budget (\$36.5 billion) was appropriated for nutrition assistance programs.



*See the explanation note on page 8 or visit the website at: www.usda.gov/cnpp/KidsPyra/

Celebrating WIC's 25 Years of Nutrition Success. In 1999, the WIC program celebrated 25 years of providing nutritious supplemental food, nutrition education, and access to health services to at-risk women, infants, and children. USDA has consistently expanded WIC in recent years by securing significant budget increases. In FY 1999, the program served more than 7.3 million eligible people.

Evaluating Free School Breakfast. Recent research indicates that providing students with a nutritious breakfast at school may significantly improve their ability to learn and achieve. In 1999, the Department worked with Congress to secure funding to substantiate these findings with a rigorous research demonstration examining the impact of school breakfast on students' behavior and academic performance.

Promoting Community Food Security. Making nutritious food available to all those who need it requires communities to work together to identify and solve food security problems in their midst. In February, USDA launched its new domestic Community Food Security Initiative to aid and support those working at the grass-roots level to reduce hunger and improve nutrition in communities across the Nation.

Improving Child and Adult Care Food Program (CACFP)

Management. In response to a range of management concerns regarding the CACFP, FNS continued work on a comprehensive initiative to improve State and local program administration. In 1997 and 1998, FNS issued comprehensive guidance on CACFP management to State agencies, and will support this guidance with training on effective implementation; States, in turn, will train the organizations that administer CACFP at the local level. The Agency has drafted a proposed rule to clarify administrative requirements, and will launch an intensive review effort in 2000 to evaluate States' progress in improving CACFP management.

Celebrating Excellence in Customer Service at WIC. On December 15, 1999, Vice President Al Gore's National Partnership for Reinventing Government (NPR) unveiled the results of the first survey of High Impact Agency customer service as measured by the American Customer Service Index (ACSI). The ACSI is a nationally recognized tool initially developed by the University of Michigan business school to measure how well companies meet the needs of their customers. NPR modified the survey for use in the Federal Government. The WIC program scored an 83 out of a possible 100 points. WIC scored the second highest in the survey compared to the other 32 High Impact agencies.

Food Safety 3

The Office of the Under Secretary for Food Safety oversees the Food Safety and Inspection Service (FSIS) and the U.S. Codex Alimentarius office. FSIS protects consumers by ensuring that the Nation's commercial supply of meat, poultry, and egg products is safe, wholesome, and correctly labeled and packaged, as required by the Federal Meat Inspection Act (FMIA), the Poultry Production Inspection Act (PPIA), and the Egg Products Inspection Act (EPIA).

Key Accomplishments for FY 1999

HACCP Implementation—Phase II Successful. On January 25, 1999, Hazard Analysis and Critical Control Point (HACCP) implementation Phase II began. HACCP is a science-based process control approach used to reduce and prevent contamination of meat and poultry products. Approximately 2,300 small meat and poultry plants (those with between 10 and 499 employees) were required to have HACCP systems in place. During Phase I, approximately 300 large plants came under HACCP in January 1998.

FSIS Outreach Initiatives Targeted To Assist Very Small Plants. FSIS continued an aggressive outreach program to assist very small plants (defined as having fewer than 10 employees or less than \$2.5 million in annual sales) in making a successful transition to HACCP.

HACCP-Based Inspection Models Project. FSIS continued its progress in designing and launching new models for inspection within plants that slaughter healthy, young animals—market hogs and young poultry. The project will improve food safety by allowing FSIS to use its inspection resources more efficiently and effectively to protect public health.

Progress Report on *Salmonella* Testing Data Indicates Positive Trend. Preliminary results show the new, science-based inspection system reduced the prevalence of potentially dangerous *Salmonella* in raw meat and poultry by as much as 50 percent in small plants. Data from the second year of testing in large plants indicate a continued decline in *Salmonella* there as well.

Action Plan Developed for Addressing *Listeria monocytogenes*. In May 1999, FSIS announced initiatives to help industry control *Listeria monocytogenes* in ready-to-eat products and thus better protect public health. The Agency also provided guidance to industry recommending environmental and end-product testing and carried out extensive educational efforts targeted to “at-risk” consumers.

Farm-to-Table Approach. FSIS continues to work with other government agencies, industry, and academia to develop steps to improve food safety from farm to table and is implementing various intervention and control strategies. These changes will reduce the incidence of foodborne illness.





In September 1999, FSIS launched a Regulator’s Food Safety Information Line for State food and public health agencies which answers food safety questions related to meat, poultry, and egg products.

Glickman Announces Improved Test For *E. coli* O157:H7. On September 7, 1999, FSIS began using a more sensitive method for detecting *E. coli* O157:H7 in raw meat products. The new method is approximately four times more sensitive than previous methods, greatly increasing the probability of detecting very low levels of the potentially dangerous pathogen.


FSIS and FDA Sign Memorandum of Understanding To Improve Public Health Protection. Working with the President’s Food Safety Council, FSIS and FDA signed a Memorandum of Understanding to facilitate the exchange of information at the field level about food establishments and operations that are subject to the jurisdiction of both agencies.

***E. coli* O157:H7 Risk Assessment.** FSIS began conducting a risk assessment for *E. coli* O157:H7 in ground beef and carcass trimmings and will re-evaluate its policy on *E. coli* through an open, participatory process.

Performance Standards for the Production of Certain Meat and Poultry Products. In continuing its regulatory reform effort, FSIS converted into performance standards the regulations governing the production of cooked beef, roast beef, and cooked corned beef products, fully and partially cooked meat patties, and certain fully and partially cooked poultry products. The new performance standards spell out the objective level of food safety performance that establishments must meet, but allow establishments to develop and implement processing procedures customized to the nature and volume of their production.

President’s Food Safety Council. The President’s Food Safety Council, which was established in 1998 and is co-chaired by Secretary Glickman, has been involved in two major activities during the year. It is developing a comprehensive strategic plan for Federal food safety activities that will help agencies address the most important food safety challenges and it is developing a coordinated food safety budget.

International Equivalence. In March 1999, FSIS made available a background paper which explains the process for determining whether exporting countries have meat and poultry systems and measures in place that are equivalent to the U.S. inspection system. Only countries that have been certified as having equivalent systems are eligible to export to the United States.

TOP 5 STATES BY VALUE OF CASH RECEIPTS	
Broilers: 	GEORGIA
	ARKANSAS
	ALABAMA
	NORTH CAROLINA
	MISSISSIPPI

The Technical Service Center received 208,461 calls during FY 1999, including 22,612 HACCP Hotline calls.

The Safe And Fair Enforcement and Recall (SAFER) for Meat and Poultry Act. Senator Harkin and Congressman Baldacci introduced the USDA-developed Safe And Fair Enforcement and Recall (SAFER) for Meat and Poultry Act which would amend the Federal Meat Inspection Act and the Poultry Products Inspection Act to provide for improved public health and food safety through enhanced enforcement.

Meat and Poultry Hotline. The Meat and Poultry Hotline provides direct answers to specific consumer questions on a wide variety of food safety issues. The hotline received 110,805 calls during FY 1999.

Campaign To Increase Use of Food Thermometers To Enhance Food Safety. FSIS began a multiyear campaign to promote food thermometer use by directing focus group testing of slogans and a representative character; planning activities for a campaign rollout in 2000; developing media materials; and facilitating meetings and information exchange among thermometer manufacturers. As a result, several large grocery store chains launched their own thermometer promotions during 1999.

Partnership for Food Safety Education and Fight BAC!™ Campaign. The Partnership for Food Safety Education, a public-private partnership, created in 1996, developed and distributed a new curriculum for grades 4-6, “Your Game Plan for Food Safety.” FSIS provided support, review and distribution for the new curriculum and the first “Presenters’ Guide” for grades K-3, and also supported distribution of 30,000 copies of the Fight BAC!™ brochure through the Consumer Information Center.

National Food Safety Information Network. As part of the President’s National Food Safety Initiative, government food safety sites on the World Wide Web were consolidated to help web users more easily find information on food safety at <http://www.foodsafety.gov>

5 TOP STATES BY VALUE OF CASH RECEIPTS

Hay:	CALIFORNIA
	OREGON
	WASHINGTON
	INDIANA
	TEXAS



Secretary Glickman, Bessie Barry with USDA’s Meat and Poultry Hotline, and Vice President Gore demonstrate safe grilling and safe food handling practices.

4

Natural Resources 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 and holds them accountable to the American people for sustaining the health of the land. The Forest Service's mission is to sustain the health, productivity, and diversity of the land to meet the needs of present and future generations. The Forest Service continues to implement the natural resource agenda which focuses agency priority on four areas: watershed health and restoration, sustainable forest management, forest roads, and recreation.

In an equally important effort, the Forest Service has made significant progress in improving financial and business accountability through organizational changes, budget and strategic planning reforms, financial systems changes, and increased leadership accountability.


Key Accomplishments for FY 1999

Public Dialog on Future of Roadless Lands. On October 13, 1999, President Clinton directed the Forest Service to begin a public dialog about

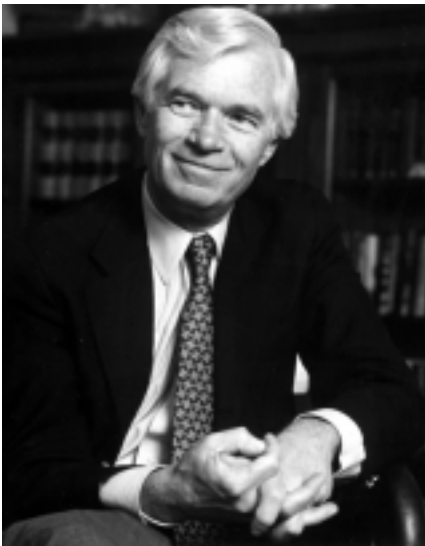


Efforts under the Clean Water Action Plan have helped safeguard waterways in our national forests.

5 TOP STATES BY VALUE OF CASH RECEIPTS

 Greenhouse/ Nursery:	CALIFORNIA
	FLORIDA
	TEXAS
	NORTH CAROLINA
	OHIO

NRCS, Native Villages Cooperate on Snow Course Effort in Alaska. NRCS's Homer Field Office in Alaska is assisting the native villages of Port Graham and Nanwalek with establishing and measuring snow courses above two rural reservoirs that provide water to those communities. Villagers and their councils are enthusiastic and supportive of the effort. They provide logistical support and transportation to the sites, and have chosen council representatives to learn sampling techniques at NRCS' West-Wide Snow Survey School. The villages, which are located in a remote area on the southern Kenai Peninsula, have no access roads and can only be reached by boat and airplane.



Senator Thad Cochran, MS, Chairman, Senate Appropriations Subcommittee on Agriculture, Rural Development, and Related Agencies.

the future of inventoried roadless areas throughout the National Forest System. The proposal will establish a process for identifying the social and ecological values that make roadless areas of all sizes important and unique. The Forest Service published a Notice of Intent to prepare an Environmental Impact Statement (EIS) in the *Federal Register* on October 19, 1999. Public comments are being received, and the agency has conducted an unprecedented number of meetings across the country on the issues. An interdisciplinary team is in place to complete the analysis and an advisory group of sister agencies and key Federal partners is also in place to facilitate development of this critical proposal. This proposal places the Forest Service at the forefront of one of the most significant conservation efforts in U.S. history. The final rule and EIS are expected in late 2000.

Interim Rule Suspends Road Construction. In February 1999, the Forest Service announced a temporary 18-month suspension of new road construction into most unroaded areas of the National Forest System. The goal of this suspension is to maintain the environmental status quo while the agency develops a new national roads management policy.

The agency has developed a new road management policy that is designed to make the existing National Forest System safe, responsive to public needs, environmentally sound, affordable, and efficient to manage. The proposed policy revises current regulations to recognize that the development of roads on the national forests is nearly completed. It shifts emphasis to maintenance, decommissioning of unneeded roads, and upgrading the most critical classified roads and to using a science-based road analysis process to help reach the minimum road system necessary for current and future public uses and other management objectives. The proposed rule is expected to be published in the *Federal Register* in December 1999.

Forest Service Strategic Plan. The Forest Service completed a Draft Forest Service Strategic Plan (2000 Revision) which is ready for public and employee review. The Government Performance and Results Act (Results Act) requires the revision of the Agency's 1997 strategic plan in the year 2000. The strategic plan is a critical component of the management model mandated by the Results Act. Accordingly, all Forest Service program and unit plans (forest plans, agency budget proposals, etc.) must be linked to the goals, objectives, and measures of the 2000 Revision. The proposed planning regulations explicitly require forest plan goals, objectives, and measures be linked to the national strategic plan.

Recreation Strategy. The Forest Service, with assistance from partners, is developing a recreation strategy to provide high-quality and diverse recreational experiences. This strategy will include modernizing service delivery, partnerships opportunities, and fees in the National Forest System. In October

5 TOP STATES BY VALUE OF CASH RECEIPTS

Wheat:

KANSAS

NORTH DAKOTA

MONTANA

WASHINGTON

OKLAHOMA



Did You Know?

National forest land, 191.8 million acres, comprise 8.3 percent of the United States' land area—or about the size of Texas.

1999, a Kick-off Recreation Summit was held in Washington, DC, followed by several satellite meetings around the country to refine and finalize the strategy. The result will be a comprehensive, leading edge strategy consistent with the Forest Service's role as the world's leading recreation provider. The recreation strategy is expected to be completed in November 2000.

Clean Water Action Plan. In response to the President's Clean Water Action Plan to better safeguard rivers and other bodies of water on Federal lands, the Forest Service distributed copies of the Unified Federal Policy Working Draft to Governors, Tribal leaders, Members of Congress, and stakeholder groups. The Forest Service and the Department of the Interior led an interagency effort to develop this working draft, which proposes to have agencies collaborate closely with each other, States, and Tribes in order to develop one method for assessing watershed health conditions across the landscape. Information on the working draft is on the Internet at www.blm.gov and www.fs.fed.us/clean/unified/

Tongass National Forest. After more than a decade of public outreach and study, the land management plan for the Tongass National Forest in Alaska was finalized by the Department after considering a number of public appeals of the initial decision. The final plan protects subsistence uses, roadless areas, and wildlife habitat while providing economic uses, such as recreation and timber harvesting, of this nationally important rain forest.

Protecting Special Places. The Forest Service continued its efforts to protect special places for future generations. It is working with the public, the Nation's top scientists, and other Federal, State, Tribal, and local agencies to formulate solutions to environmental challenges in places like Lake Tahoe, California, the amazing Baca Ranch in New Mexico, the Southern Appalachian Mountains, and urban forests next door to millions of Americans.

Investments in Urban and Community Forests. On June 16, 1999, the Forest Service awarded more than \$825,000 of Federal grants to benefit the Nation's urban and community forests. Organizations in 14 communities matched those funds with another \$978,000 for research and education projects for urban forests. These competitive grants will make available more than \$1.8 million for communities, organizations, and universities to work together with the Federal Government to create and improve urban forests. Recipients of the 1999 grants were selected from among 94 proposals, in a competitive process based on criteria developed by the National Urban and Community Forestry Advisory Council (NUCFAC).

Strategic Outreach Plan. The Forest Service Draft Strategic Public Outreach Plan, released in 1999, is designed to provide new opportunities for all Americans, including the underserved, to participate in natural resource man-


Did You Know?

In recent years, nearly 16 million acres of forest, cropland and open space have been lost to development.



The Conservation Reserve Enhancement Program (CREP) is a revolutionary new voluntary initiative using State, Federal, and nongovernment funding to help solve environmental problems. It combines the Conservation Reserve Program with State programs to address issues like the degradation of wetlands. To date, seven CREP projects have been established in Maryland, Minnesota, Illinois, New York, Oregon, Washington, and North Carolina.

agement activities and to benefit from agency programs and service. Under the plan, (1) ecosystem-based activities will increasingly reflect the priorities of underserved populations; (2) underserved communities and populations will increasingly benefit from Forest Service decisions, programs, and services; (3) underserved populations will effectively utilize Forest Service research and technical assistance to address problems endemic to their urban and rural communities; and (4) skilled and diverse agency employees and partners will use resources and technologies to more effectively benefit underserved populations and communities.

TOP 5 STATES BY VALUE OF CASH RECEIPTS	
	Sugar beets:
	MINNESOTA
	IDAHO
	NORTH DAKOTA
	CALIFORNIA
MICHIGAN	

Natural Resources Conservation Service

The Natural Resources Conservation Service (NRCS) is the Federal agency that works with private landowners to help them protect their natural resources. NRCS' mission is to provide national leadership in a partnership effort to help people conserve, improve, and sustain the Nation's natural resources and environment. The agency emphasizes voluntary, science-based assistance, partnerships, and cooperative problem solving at the community level.

In FY 1999, NRCS worked through nearly 3,000 local conservation districts to help land users, communities, watershed groups, Federal and State agencies, Tribes, other partners, and customers with conservation technical and planning assistance, resource inventories, and resource assessments.

Continuous changes in weather, in landowner objectives, and in what happens elsewhere on the landscape make protecting the Nation's natural resources a challenge. Because of the interconnectedness of natural systems, NRCS uses a comprehensive, multi-resource approach.

Key Accomplishments for FY 1999

Conservation Technical Assistance. NRCS provides conservation technical assistance to individuals, Tribal governments, State and local governmental agencies, local conservation districts, and grassroots organizations. It also provides support for the Department's cost-share and land retirement programs. In FY 1999, NRCS provided technical assistance to more than 630,000 resource managers to help them plan and apply conservation systems on the land. Nearly 400,000 others received education and information assistance to help them understand resources issues and conservation needs.

Sustainable Systems. In FY 1999, farmers and ranchers adopted sustainable management systems on 8,680,000 acres of cropland and 7,900,000 acres of grazing land with NRCS assistance. On these lands, the operators applied conservation on the resource management system level, which means that all resources--soil, water, air, plants, and animals--were considered in planning the management of the land unit.

Species, Habitat Benefit from WRP, WHIP in the Caribbean Area. A nearly 1,300-acre area of the biologically diverse Cabo Rojo Salt Flats is enrolled in the NRCS-led Wetlands Reserve Program. No fewer than 118 avian species have been reported in the area. It harbors six species of birds, one species of reptile, and four species of plants that have been designated as endangered by the Commonwealth of Puerto Rico or the Federal Government. During their migratory cycle, more than 20 species of shorebirds depend on the salt flats.



The Wetlands Reserve Program (WRP) and Wildlife Habitat Incentives Program (WHIP), sponsored by USDA's Natural Resources Conservation Service, have helped many wildlife species benefit from improved habitat.

Soil Surveys. The year marked the centennial of the soil survey in the United States--perhaps the largest and most valuable natural resource database in the world. Soil surveys provide the basic information needed to help land users manage soil sustainably; protect water quality, wetlands, and wildlife habitat; and sequester greenhouse gases. The National Cooperative Soil Survey today is a nationwide partnership of Federal, State, regional, and local agencies and institutions. NRCS oversees the soil survey's Federal responsibilities. During 1999, nearly 24 million acres were mapped, 366 soil surveys areas were digitized to standards, and 57 soil survey manuscripts were published.

Wetlands Conservation. USDA assists in protecting valuable wetlands--temporarily under Conservation Reserve Program contracts and under permanent or long-term easements through the Wetlands Reserve Program. In addition, participants in USDA programs are required to maintain valuable wetlands on their lands in order to remain eligible for program benefits. NRCS provides technical assistance to landowners who participate in State-funded or locally funded programs to preserve wetlands. In FY 1999, restoration or enhancement practices were installed on 279,000 acres of wetlands with NRCS assistance.

National Conservation Buffer Initiative. This departmental initiative, led by NRCS to help landowners install 2 million miles of conservation buffers by 2002, now involves nearly 100 partners, including other USDA agencies, State conservation agencies, conservation districts, agribusiness, and agricultural and environmental organizations. So far, landowners have installed more than 600,000 miles of conservation buffers through USDA programs such as the Environmental Quality Incentives Program and the continuous Conservation Reserve Program sign-up. These buffers improve soil, water, and air quality; enhance wildlife habitat; restore biodiversity; and create scenic landscapes.

TOP 5 STATES BY VALUE OF CASH RECEIPTS

Hogs:

IOWA
NORTH CAROLINA
MINNESOTA
ILLINOIS
NEBRASKA



Outreach. USDA is committed to ensuring that its services are provided on a nondiscriminatory basis and that all customers are treated with dignity and respect. In FY 1999, NRCS implemented extensive outreach efforts to serve members of minority racial and ethnic groups. More than 54,000 members of these groups participated in NRCS conservation programs in FY 1999.

Environmental Quality Incentives Program. In FY 1999, NRCS provided technical and financial assistance to 18,847 producers through the Environmental Quality Incentives Program (EQIP) authorized by the 1996 Farm Bill. EQIP provided \$140.9 million in financial assistance and \$33.1 million in technical assistance to help farmers develop and implement conservation plans to improve environmental conditions and remedy resource concerns identified by local working groups. State, local, and private funds leveraged by EQIP are estimated at approximately \$1.10 for every \$1.00 of EQIP funds. Additionally, \$7 million in EQIP funding has been set aside for American Indian Tribes.

President's Clean Water Action Plan. USDA worked with State and local governments and other Federal agencies to continue implementation of the President's Clean Water Action Plan. In March, USDA and the U.S. Environmental Protection Agency released the Unified National Strategy for Animal Feeding Operations (AFO's). The strategy established a national performance expectation that all AFO's will develop and be implementing comprehensive nutrient management plans by 2009. This goal will be accomplished primarily through voluntary efforts of AFO owners and operators, with technical and financial assistance from NRCS, other USDA agencies, other Federal agencies, State and local entities, and the private sector. A series of Federal-Tribal regional workshops to assist Tribes with their unified watershed assessments and watershed restoration action strategies also took place. In FY 1999, producers completed installation of 6,100 animal waste management systems with NRCS assistance.



Senator Tom Harkin, IA, Ranking Member, Senate Committee on Agriculture, Nutrition, and Forestry, with President Clinton.

Farmland Protection Program. NRCS continued to help 52 entities in 19 States secure agricultural conservation easements through the Farmland Protection Program to protect agricultural lands from permanent conversion to nonagricultural uses. Since the program was authorized through the 1996 Farm Bill, the \$35 million authorized has been obligated. State and local entities at the end of FY 1999 had purchased 205 easements covering 41,544 acres of land representing a total easement value of \$73.8 million. Approximately 25 percent of the funds represent Federal funds, with the remainder coming from State and local programs and the private sector. Approximately half of the federally obligated funds have been expended.

Research, Education, and Economics



More good news about Oatrim, the ARS-patented fat replacer. In ARS studies, daily intake of about one-half cup of the powdery substance added to foods seems to reduce fat oxidation by 80 percent. This means the Oatrim acts as a strong antioxidant to help protect fatty acids integral to cell membranes and many other components in the body. Consuming Oatrim also seems to increase the short-chain fatty acids produced in the colon. These fatty acids are thought to protect colon cells against cancer and to reduce the risk of heart disease. ARS researchers earlier reported that Oatrim reduced body weight, blood lipids, and systolic blood pressure and improved glucose tolerance in men and women.

Agricultural Research Service

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.


The National Agricultural Library (NAL), a component of ARS, is the largest agricultural library in the world and one of four national libraries of the United States, with the Library of Congress, the National Library of Medicine, and the National Library of Education. In 1999, NAL was renovated to generate more collection storage areas and to improve customer access to the collection. NAL has also improved and updated its web site as the library moves toward its goal of becoming "a library without walls," a library whose collection and resources can be accessed by computer by anyone and at anytime.

Thanks to the efforts of NAL, researchers can now go to the USDA History Collection to easily delve into a special collection of documents and other materials covering more than 200 years of U.S. farming history. The site can be found at <http://www.nal.usda.gov/speccoll/history/index.htm>.

Key Accomplishments for FY 1999

Building a Better Tomato. The human body converts beta-carotene into vitamin A, an essential nutrient that aids in clear vision, bone growth, tooth development, and reproduction. ARS scientists released three new tomato breeding lines that contain 10-25 times more beta-carotene than typical tomatoes. The new high-beta-carotene tomato lines are ideal for processing into paste, juices, and sauces. Beta-carotene content for these tomatoes averages between 55.1 and 57.6 micrograms per gram of fresh weight. Typical tomatoes contain about 2 to 5 micrograms per gram of fresh weight. A major food producer is already using material derived from the ARS germplasm to develop nutritionally enhanced products.

Putting Odors to a Better Use. Unpleasant odor from animal feedlots may be reduced as ARS scientists learn more about how to "harvest" manure's ammonia and re-use it as a valuable fertilizer. As manure from cattle or swine decays, the released ammonia contributes to its pungent odor. Researchers are

TOP 5 STATES BY VALUE OF CASH RECEIPTS	
Chicken eggs: 	GEORGIA
	OHIO
	CALIFORNIA
	PENNSYLVANIA
	INDIANA



Secretary Glickman at the dedication of the George Washington Carver Building in Beltsville, MD. The building is home to a number of USDA agencies.

testing chemicals—one of which, NBPT, looks promising—that keep manure from rapidly decomposing and releasing its ammonia. NBPT was recently commercialized as a nitrogen preservative for use in no-till, soil-saving farming; in preliminary experiments, NBPT worked even better in the feedlot than in the laboratory.

Rapid Test for *Salmonella*. The sooner physicians know that they are dealing with DT104, the sooner they can begin the aggressive treatments needed to combat the bacteria. Delays in identifying DT104 almost cost a Vermont dairy farmer her life in 1997 and killed 14 of her cows. The pathogen has killed people in Great Britain and sickened children in Nebraska. ARS scientists have developed a technique to rapidly detect DT104, a potentially deadly strain of *Salmonella* bacteria that resists many antibiotics. The researchers found a key gene sequence, present only in this virulent strain of *Salmonella*, that allows for quick identification.

Protecting Our Honeybees. Besides producing honey, honeybees pollinate dozens of U.S. crops, from apples to zucchini, worth \$8 to \$10 billion. Hardy Russian honeybees that resist attack by devastating varroa mites will begin showing up in American beehives within a year, thanks to ARS scientists. The Russian bees' genetic resistance will provide beekeepers with a tool—in addition to chemical pesticides—to control the mites, among the worst enemies of honeybees worldwide. In the United States, the mites have attacked bees in almost every State. Under a cooperative research agreement, a private apiary is authorized to raise hundreds of Russian honeybee queens for sale to U.S. beekeepers early in the year 2000.

Cooking up safe traditions

In Washington, 90 cases of food poisoning were linked to a traditional homemade cheese called queso fresco. This traditional food, popular with the Hispanic community, is usually made from raw, unpasteurized milk. Washington State food scientists found they could easily modify the recipe so cheese makers could use pasteurized milk.

Cooperative State Research, Education, and Extension Service

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.

Key Accomplishments for FY 1999

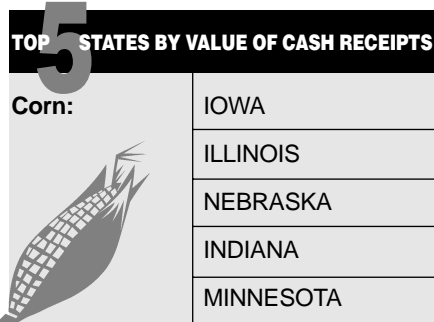
Food Safety Initiative. National program leaders at CSREES are working closely with several partners in support of the President's Food Safety Initiative. CSREES, the Cooperative Extension System, the Food and Drug Administration (FDA), and USDA's Food Safety and Inspection Service planned and coordinated two national education conferences that brought together State core teams. The teams received training and education enabling them to develop and implement State HACCP (Hazard Analysis and Critical Control Point) planning and marketing strategies. A new food safety program was initiated addressing microbial contamination in fruits and vegetables. In November 1998, a national food safety conference was held. As a result of a joint USDA-FDA conference held in April 1999, food safety education and outreach programs for growers of fresh fruits and vegetables were developed. In collaboration with HHS, a Joint Institute for Food Safety Research is being established under the President's Council on Food Safety.



President Clinton, at USDA in August, signing Executive Order 13134 to develop and promote biobased products and bioenergy.

Three-in-one

A breakthrough vaccine developed by **Minnesota** scientists saves producers \$200 million a year and protects baby chicks against three major diseases at the same time. The automated process, which injects the three-in-one vaccine directly into eggs, replaces an older treatment that prevented only one disease.



Senator Richard Lugar, IN, Chairman, Senate Committee on Agriculture, Nutrition, and Forestry.

Farm Crisis Web Site. On August 31, 1999, CSREES launched a new farm crisis web site—“Helping Rural America Face Crisis” at <http://www.ree.usda.gov/farmcrisis.htm>—to provide information to the public about disasters for farmers, ranchers, and agribusinesses. The web site offers links to the land-grant system about how it is responding to farm crises, as well as links to programs that help rural and urban residents survive crisis and disaster.

Community Food Security Web Site. CSREES created and is hosting USDA’s web site dedicated to the Secretary of Agriculture’s Community Food Security Initiative (http://www.ree.usda.gov/food_security/foodshp.htm). CSREES will soon expand the Community Food Security Initiative home page to include more detailed information that can be directly used by non-profit groups and other grass-roots partners to decrease hunger, improve nutrition, and help families move from poverty to self-sufficiency.

Civil Rights Action Extended to Underserved Populations. CSREES increased efforts to ensure that research and extension programs meet the needs of underserved populations through the small farms initiative, children and youth at risk, EFNEP, and many other programs. Funding to minority-serving institutions was increased. Workshops were presented at a number of minority-serving institutions to develop new and expanded partnerships, identify staff development and other needs and provide training on how to write grant proposals.

Small Farms Program. CSREES’ Small Farm Digest is distributed three times a year to about 30,000 farmers, producers, and consumers. CSREES and its university partners completed a National Plan for Small Farms, outlining implementation strategies; goals for research, education and outreach; and expected impacts. The National Plan was adopted by the National Commission on Small Farms. The second National Small Farms Conference, cosponsored by USDA and organized by Lincoln University in Missouri, drew several hundred participants in October 1999 in St. Louis. The conference focused on practical workshops for operators of small and mid-size farms.

Improving Access to Research Information. CSREES continues to work with the land-grant university system and other USDA agencies to enhance the Current Research Information System (CRIS) to improve CRIS’s ability to provide current information on the research programs of USDA and the State Agricultural Experiment Stations. For more information on CRIS, see the web site <http://cristel.nal.usda.gov:8080> **MACROBUTTON HtmlResAnchor** <http://cristel.nal.usda.gov:8080>

The Federal Agriculture Improvement and Reform Act of 1996 directed the Secretary of Agriculture to conduct a comprehensive review of state-of-the-art information technology systems and develop a system to monitor and

TOP 5 STATES BY VALUE OF CASH RECEIPTS

Tobacco:

NORTH CAROLINA

KENTUCKY

TENNESSEE

SOUTH CAROLINA

VIRGINIA



Fresh cut fruits and vegetables—two staples of a healthy diet.

Did You Know?

One in five children is overweight.

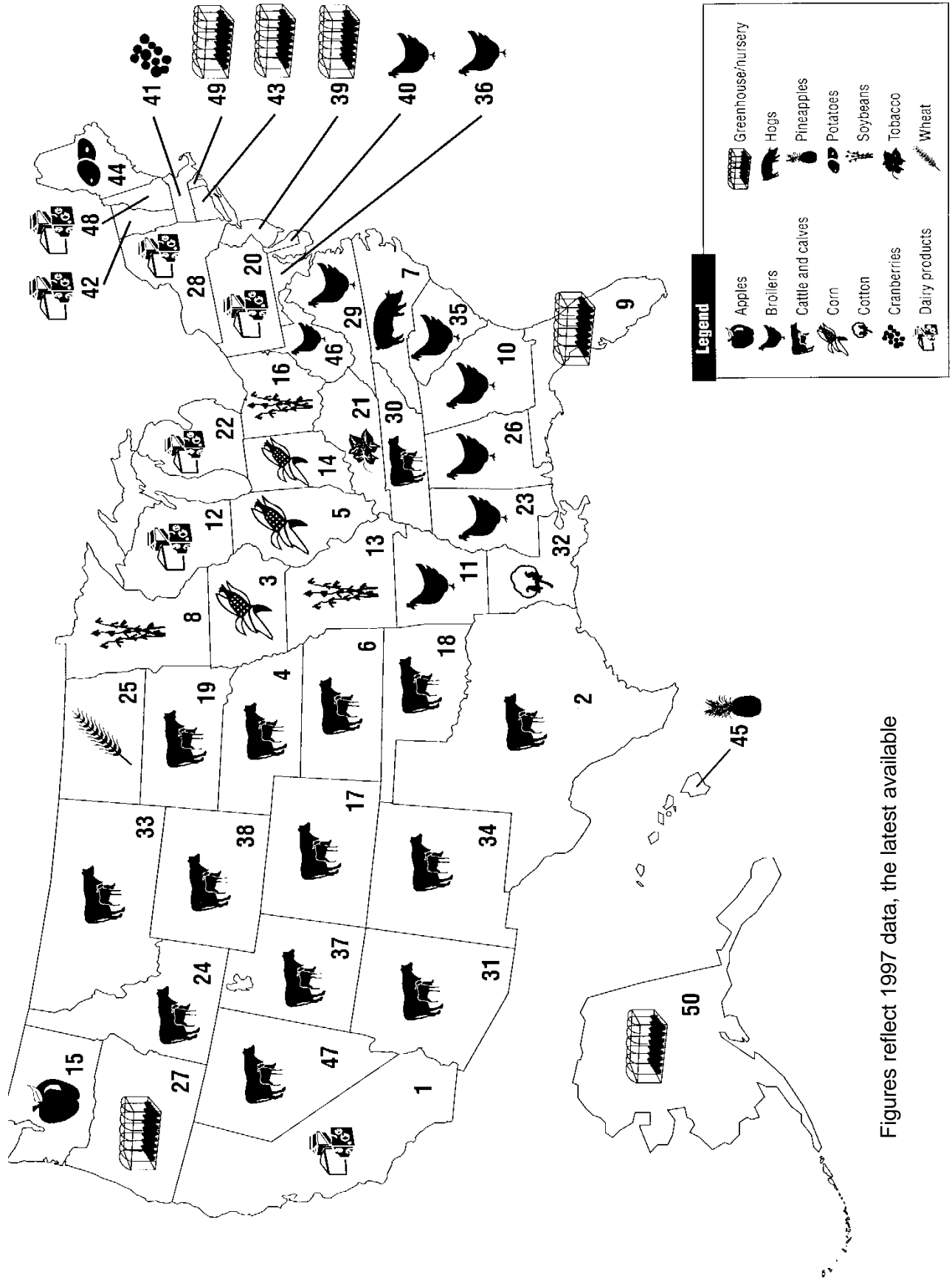
evaluate agricultural research and extension activities conducted or supported by USDA. The new Research, Education, and Economics Information System (REEIS) is expected to be operational by the end of FY 2001. REEIS will include research, education, extension, and economics program and project information in a system accessible on the Web to a variety of users—public and private.

Y2K Community Outreach Efforts. CSREES was recognized with a USDA Secretary's Honor Award for its Y2K community outreach efforts. A toolkit containing sample news releases, audio public service announcements, fact sheets, posters, and brochures was distributed to the Nation's 3,100 county extension offices in 1998 to help educate producers and citizens about the Y2K issue and to boost confidence in food production and distribution systems. This information was targeted to rural communities and agricultural producers. In April and November 1999, CSREES co-sponsored interactive videoconferences for owners of small businesses, including farms and other agribusinesses, on the Y2K issue.


Economic Research Service*

The mission of the Economic Research Service (ERS) 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.

States' chief commodity produced and rank in value of total agricultural production



Figures reflect 1997 data, the latest available

TOP 5 STATES BY VALUE OF CASH RECEIPTS	
Cotton: 	TEXAS
	CALIFORNIA
	GEORGIA
	MISSISSIPPI
	ARKANSAS



Two decades ago, blueberries were practically nonexistent in the Gulf States, but ARS developed early-ripening varieties that have extended highbush blueberry cultivation to the Deep South. Today, tens of thousands of acres of highbush blueberries are grown in the South, with thousands of acres thriving throughout Texas, Louisiana, and Alabama. Congressman Larry Combest (right), TX, Chairman, House Committee on Agriculture, examines blueberries on a farm.

Key Accomplishments for FY 1999

Food Security in U.S. Households. ERS helped develop a Federal food security measure and now conducts an annual survey specifically designed to measure the prevalence of household food insecurity and hunger in the United States. In 1999 ERS released the results of two studies examining household food security addressing the question, “Do households always have access to enough food to meet basic needs?” *Household Food Insecurity in the United States: 1995-1998* provides evidence that although most households in the United States are food secure, some 10 million U.S. households (9.7 percent of total) were food insecure in 1996-98. *Prevalence of Food Insecurity and Hunger, by State, 1996-98*, indicated that the prevalence of food insecurity and hunger varied considerably among the States. Eleven States, located in an arc along the western and southern borders of the country, and the District of Columbia, had rates of food insecurity significantly above the national average.

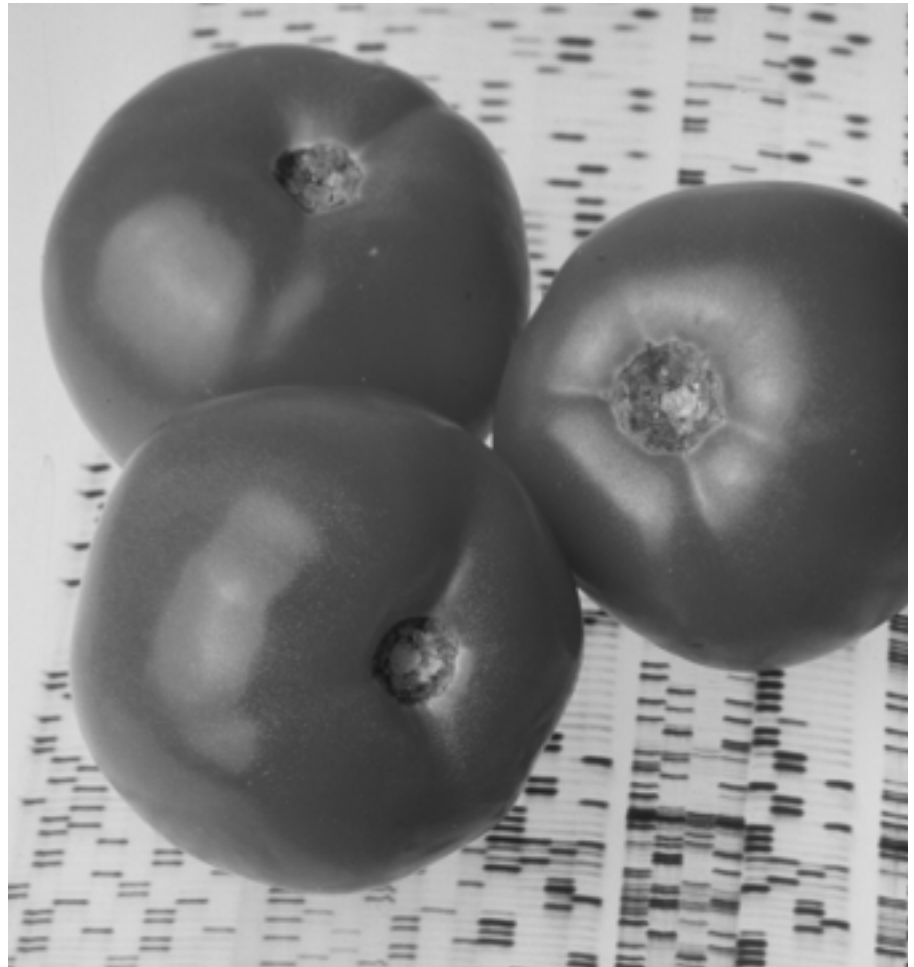
Diet and Nutrition. Two ERS studies released in 1999 examine the implications of America’s changing diet on health and farmers. *America’s Eating Habits: Changes and Consequences* provides different perspectives on nutrition in the United States. Questions posed and answered include: What are the economic costs associated with unhealthy eating; how much do people know about nutrition; how do national income and prices and demographic trends affect nutrient intake; and how do government programs and regulations influence food expenditures and consumption. *Moving Toward the Food Guide Pyramid: Implications for U.S. Agriculture* documents the implications for farmers if consumers followed eating recommendations provided by USDA’s Food Guide Pyramid. Specifically, the study examines what would happen to farm production, trade, and prices if consumers reduced their consumption of caloric sweeteners, fats, and oil and increased consumption of dark-green leafy and deep-yellow vegetables, dry beans, peas, and lentils.

Adopting Genetically Engineered Crops. The ERS/NASS Agricultural Resource Management Study is USDA’s primary vehicle for collecting information on a broad range of issues about agricultural resource use and costs, and farm sector financial conditions, including adoption of new technologies such as genetically engineered seed. ERS was the first USDA agency to provide Government survey data on the extent of adoption of genetically engineered soybeans, cotton, and corn crops. ERS is following up on these information releases with more complete published reports, such as *Pest Management in U.S. Agriculture*, which provide information on both chemical and biological pest management practices.

Natural Resource Conservation Policies. ERS published three major reports this year analyzing aspects of USDA and other policies affecting agricultural resource conservation. These analyses summarize changes in imple-

Did You Know?


Consumers reap the benefits of investing in agricultural research. The U.S. agricultural system pays back at least \$1.35 for every tax dollar invested.



A retooled gene in tomatoes controls ripening to give better flavor and shelf life.



menting earlier legislation, and inform discussions of conservation and environmental policies in future legislation. *Wetlands and Agriculture: Private Interests and Public Benefits* comprehensively reviewed Federal and State policies affecting agricultural use of wetlands in the context of the Nation's "no net loss" goal. *Economic Valuation of Environmental Benefits and the Targeting of Conservation Programs: The Case of the CRP* examined changes to procedures for accepting land into the Conservation Reserve Program and estimated economic benefits from the improved targeting. *Green Technologies for a More Sustainable Agriculture* summarized the case for improving agricultural sustainability and examined the potential and limitations of "green" technologies in meeting that goal.

TOP 5 STATES BY VALUE OF CASH RECEIPTS	
Potatoes: 	IDAHO
	WASHINGTON
	CALIFORNIA
	WISCONSIN
	OREGON

Enhanced Understanding of Agricultural Structure. ERS tracks and explains the structural changes being experienced in the U.S. agricultural and food system, which is particularly important in understanding the heterogeneity of farms and agribusinesses across the Nation, and the implications of these differences for policy design. ERS developed and widely disseminated a new farm typology—linking sales, occupation, and lifestyle characteristics, and a new geographic characterization for agriculture—that undergirds analyses of small or disadvantaged farms, minority farmers, and the impacts of market and natural events. ERS published the *20th Annual Family Farm Report to Congress* and highlighted the work of the Secretary’s National Commission on Small Farms in a major ERS-organized conference on “What Makes a Small Farm Successful.”

World Trade Organization Negotiations. *Agriculture in the WTO* analyzes how Uruguay Round commitments were implemented and therefore helps identify priorities for future round of WTO negotiations. *An Introduction to State Trading in Agriculture* provides a qualitative index of the potential for a state trading organization to restrict trade, a potentially important WTO issue. *A Framework for Analyzing Technical Trade Barriers in Agricultural Markets* offers a classification scheme for assessing the economic impacts of technical trade barriers, such as sanitary and phytosanitary measures. ERS has also developed a trade policy database that will provide valuable data for negotiators and trade analysts.

**Note: Top five States by value of cash receipts for leading commodities, 1997, provided by ERS.*


National Agricultural Statistics Service

The National Agricultural Statistics Service—which calls itself “the fact finders for agriculture”—has as its mission 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.

TOP 5 STATES BY VALUE OF CASH RECEIPTS

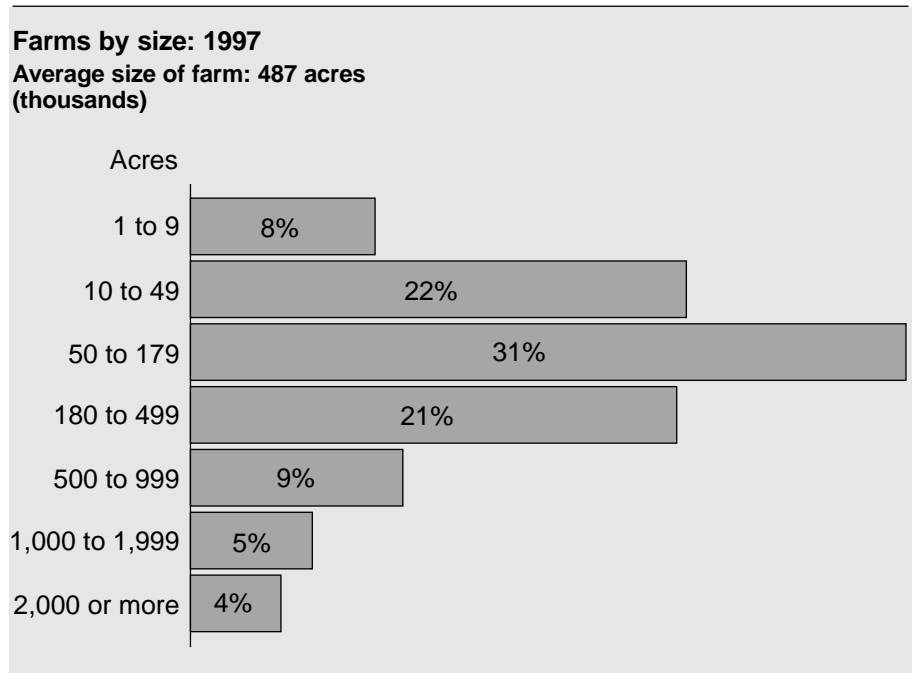
Tomatoes:

CALIFORNIA
FLORIDA
GEORGIA
OHIO
VIRGINIA



Key Accomplishments for FY 1999

1997 Census of Agriculture Released. The February 1, 1999, release of the 1997 Census of Agriculture results marked a significant date for USDA, because it was the first time the census of agriculture was conducted and released by the Department. National, State, and county data from the 1997 Census of Agriculture were released only 12 months after the questionnaires were due from the Nation’s agricultural operators and 10 months earlier than release of previous censuses of agriculture. The census provides the most comprehensive information about America’s agriculture down to the county level. The 1997 Census of Agriculture results also showed improved coverage of farms operated by women and minorities, and provided the first counts of American Indian operators on reservations.



1998 Farm and Ranch Irrigation Survey. Results from the 1998 Farm and Ranch Irrigation Survey, released November 8, 1999, revealed that farmers spent over a billion dollars on irrigation equipment, facilities, and land improvements in 1998; this was a 25-percent increase over 1994. The survey, which provides the most complete and detailed picture of irrigation in the United States, also showed that the value of irrigated crops rose dramatically over the past 15 years while cropland irrigated acreage remained steady. Over half of the 50 million acres irrigated in 1998 had improvements to reduce energy use or conserve water. Corn, alfalfa hay, cotton, soybeans, and orchard land—the top five irrigated crops—accounted for over half of all irrigated land.



Congressman Charles Stenholm, TX, Ranking Member, House Committee on Agriculture, on his cotton farm in Jackson County, TX.

Top 10 irrigating States	Acre-feet applied	Average acre-feet per acre
California	25,153,495	3.1
Texas	7,473,880	1.4
Idaho	6,030,447	1.9
Arkansas	5,516,603	1.4
Colorado	5,052,612	1.7
Nebraska	4,975,330	0.9
Arizona	4,117,652	4.7
Kansas	3,589,226	1.4
Washington	3,364,585	2.2
Oregon	3,255,501	2.1



Low Energy Pressure Application (LEPA) is a new irrigation system that allows the correct amount of water to be used to control soil and water erosion. Farmers are able to acquire this system with a grant from the Environmental Quality Incentives Program (EQIP) administered by USDA's Natural Resources Conservation Service.

Rural Development

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.

Rural Housing Service

Key Accomplishments for FY 1999

Single-Family Housing. The *Direct Rural Housing Loan 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. In FY 1999, the program obligated \$961.5 million to enable families to become homeowners.

The *Mutual Self-Help Housing 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. In FY 1999, the Rural Housing Service (RHS) provided 121 grantees in 44 States with a total of \$24.9 million in technical assistance grants. In turn, the grantees supervised 1,342 families in the construction of their own homes.

The *Guaranteed Rural Housing Loan Program* provides guarantees of up to 90 percent of a bank loan 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 1999, the program obligated \$2.98 billion to allow 39,700 families to purchase homes.

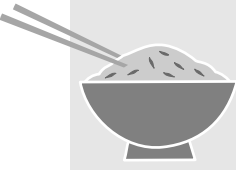
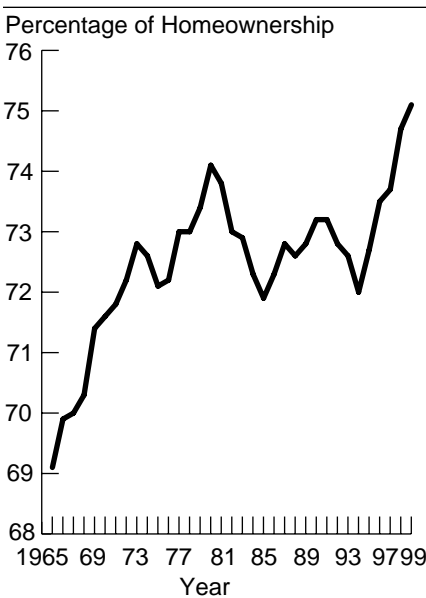
The *Rural Home Repair Loan and Grant Programs* provide funds to help very low-income people undertake the vital improvements necessary to make their homes habitable. These include weatherizing the homes, removing electrical and fire hazards, repairing roofing, and installing or improving water and waste-water disposal systems. In FY 1999, the home repair loan and grant programs obligated \$44.8 million to allow approximately 9,020 families to make vital improvements to make their homes safe and liveable.

Economic benefits provided by the Single-Family Programs include 55,592 homes financed, 9,020 homes rehabilitated, and \$3.94 billion in total financing provided. The Single-Family housing program provided 81,846 full-time jobs in construction and construction-related industries, \$1.28 billion in wages, and \$689.6 million in combined Federal, State, and local revenues and fees.

TOP 5 STATES BY VALUE OF CASH RECEIPTS

Rice:

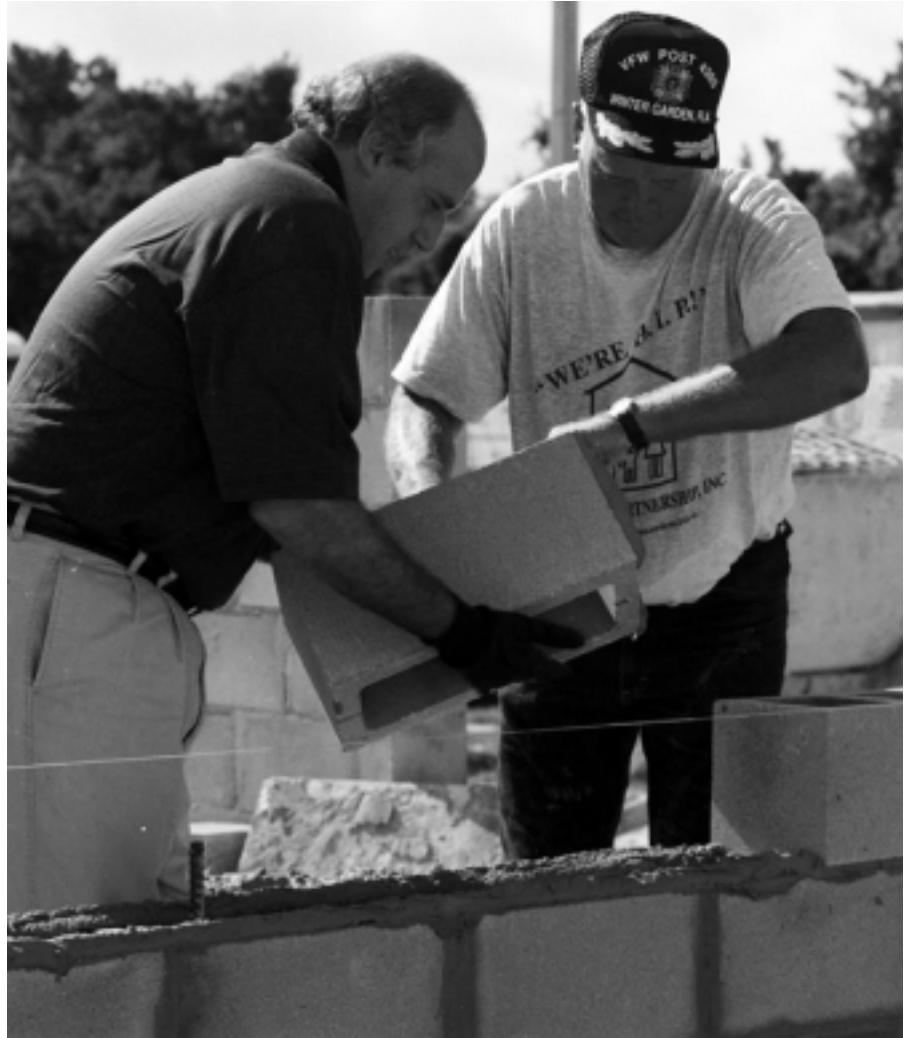
ARKANSAS
CALIFORNIA
LOUISIANA
TEXAS
MISSISSIPPI

Service Beyond Expectations

Eric Hoard once lived at Stonington Manor, but now manages it and two other apartment complexes for low-income families built by Maine Development Associates and partially financed by RHS. In January 1998, an ice storm cut off the power, leaving the Stonington Manor residents without heat, light, water, or any means of cooking. Eric brought firewood from his home to keep the fire in the wood stove in the community room burning, so that residents would have a warm place to stay. He brought water and purchased food at local markets. On the second day of the storm, he brought his gas grill from home and organized a barbecue for residents. Throughout the storm, Eric kept checking on the residents to make sure they had everything they needed. He even provided information about local shelters, in case some residents wanted to go there.

Tenants at the complexes praise Hoard. At Blue Hill Terrace, he helps people in ways far beyond what is usually expected of a manager. He installed handicap railings in the apartment of a resident who was in the hospital with a hip problem. He built a canopy over a patio for a resident who had to avoid exposure to the sun. He often makes small repairs to help residents, including fixing television reception, digging a flower garden, and helping start a stalled car. Eric Hoard personifies the best type of rural rental manager, one who goes out of his way to help residents and solve their problems, even problems not related to the apartment complex.



Secretary Glickman lends his building skills at a Self-Help Housing construction site in Winter Garden, FL.

Multi-Family Housing. The *Rural Rental Housing Direct Loan Program* makes low-interest loans to developers of affordable rural rental housing. In 1999, RHS obligated \$75.8 million toward construction of 97 new rental complexes providing 2,181 units. It also obligated \$38.5 million toward the repair and rehabilitation of existing units in 100 rural rental facilities.

The *Farm Labor Housing Loan and Grant Program* is 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. In 1999, the program obligated \$33.5 million to build 622 new units and rehabilitate 12 rental complexes.

IRP Loan Helps California Electronic Plant Thrive

In 1993, Don Setzco, the owner and general manager of MCI Transformer Corporation West, a transformer manufacturing plant in New York, relocated the operation to the small community of Willits, Calif. Setzco leased a 4,500-square-foot facility and began manufacturing small transformers for the electronic industry.

As the demand for small transformers increased, Setzco began looking for a larger facility to expand the business. Notwithstanding the company's sales growth and profitability, local commercial banks were unable to participate in financing a new manufacturing facility without the help of other funding sources. Through the use of the RBS Intermediary Relending Program (IRP), SAFE-BIDCO (an IRP partner of USDA) was able to provide the financing MCI needed to make the project come to fruition. As a result of financing provided through the IRP program, MCI was able to construct a new, 16,000-square-foot manufacturing facility. The facility was funded with \$150,000 from SAFE-BIDCO's IRP fund and \$4,350,000 from local lenders.

MCI has created 17 new jobs since completing the new manufacturing facility, with 35 additional jobs retained. The additional plant capacity was a major factor leading to the receipt of a long-term contract for transformers from a new customer.

The *Rental Assistance Program* makes rent in USDA rural rental housing and farm labor housing affordable to the tenants. In FY 1999, RHS provided over \$584 million in 5-year contracts for rental assistance to more than 42,000 tenants.

The *Rural Rental Housing Guaranteed Loan Program* provides loan guarantees to lenders, who in turn provide loans for the development of affordable rental housing. In FY 1999, the Section 538 program approved loan guarantees worth \$74.8 million to build 28 rural rental housing developments in 24 States.

The *Housing Preservation Grant 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 1999, the program provided \$7 million to 125 organizations to rehabilitate 1,800 houses and apartments.

Economic benefits provided by multi-family programs include 5,343 new apartments financed, 112 apartment buildings renovated, 1,800 single-family homes or apartments renovated, 42,000 rental subsidies, and a total of \$813.6 million in financing provided. Multi-family housing programs provided 5,541 full-time jobs in construction and construction-related industries, \$180.2 million in wages, and \$95.8 million in combined Federal, State, and local revenues and fees.

Community Facilities. The *Community Facilities Direct Loan 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 1999, the program obligated \$164.6 million to fund 452 projects.

The *Community Facilities Guaranteed Loan 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 1999, the program obligated \$107 million to fund 118 projects.

The *Community Facilities 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 1999, the grant program obligated \$7.5 million in grants to help fund 245 projects.

San Carlos Apaches Take over Communications Services

With the help of a RUS

Telecommunications \$14 million loan, the San Carlos Apache tribal community of 2,000 people has gone from 12 phone lines to 400. The cut-over was made May 26, 1999, with representatives of RUS and the tribal authority conducting the ceremony, but the true joy of the day was expressed by the residents.

A year ago, Cherrill Williams' husband was working beneath their mobile home when it fell off the jack and pinned him to the ground. The only pay phone in the community was out of order. The neighbors found someone a half-hour later with a car phone to summon help. By the time an emergency helicopter arrived, Mrs. Williams had already rescued her husband by digging with her hands. On the day her telephone was connected, Mrs. Williams immediately made 10 calls and then slept with the phone in her hand that evening.

San Carlos Apache Telecommunications Utility runs the utility and will have the service of the residents in mind when decisions are made. Emergency help, communication with friends, family and neighbors, and the ability to participate in the information revolution are all benefits of this community taking control of their own future.

Economic benefits provided by Community Facilities programs include 639 communities with new or improved essential communities facilities and \$278 million in total financing provided. Community Facilities programs provided 9,600 full-time jobs in FY 1999.

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 1999, the program provided \$14 million in loans, grants, and guarantees to fund 69 child care centers.

Community Facilities Program Provides Funding for Indian Facilities. In FY 1999, the Community Facilities program provided 22 loans, grants, and guarantees worth \$5.5 million to fund 17 projects on 16 Indian reservations. Projects included child day care centers, an adult day care center, college buildings, outpatient care facilities, fire departments, a community center, and an assisted-living facility.

Multi-Family Housing Reaches Record-Low Loan Delinquency. The Multi-Family Housing loan program reached a record-low delinquency rate of 1.7 percent as of Sept. 30, 1999. 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 17,882 projects and an outstanding loan principal of \$11.9 billion.

RHS Develops Partnerships With Nonprofit or Private Sectors To Provide Affordable Housing. RHS has been actively developing partnerships to leverage its single-family housing program dollars and increase affordable homeownership opportunities for rural America's working people. In FY 1999, 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 \$33.9 million with \$13.8 million of their own funds.

Rural Business-Cooperative Service

Business Program. During FY 1999, Rural Business Loan and Grant programs provided approximately \$1.4 billion in loans, loan guarantees, and grants for business development to 3,740 businesses. This resulted in an estimated 80,000 jobs either created or saved in rural America. Of this amount, over \$1.2 billion of the funding was provided through the Business and Industry Guaranteed Loan Program. A part of this funding was contributed through a partnership with the Department of Treasury and the North American Development (NAD) Bank. Through this partnership, USDA's Business and Industry Guaranteed Loan Program provided \$63.5 million in loans that created or saved 2,450 jobs in areas impacted by NAFTA-related trade.

TOP 5 STATES BY VALUE OF CASH RECEIPTS

Sorghum grain:

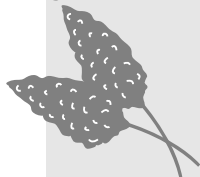
KANSAS

TEXAS

NEBRASKA

MISSOURI

OKLAHOMA



Relending Program. The Intermediary Relending Program provides low-interest loans to intermediaries, which in turn provide loans to develop business or community-development projects. In FY 1999, approximately \$33 million was provided to 47 intermediaries. The Rural Business Enterprise Grant program provided approximately \$36.4 million to assist more than 2,300 small and emerging businesses.

Rural Cooperative Development Grant Program. Ten States received funding through the Rural Cooperative Development Grant Program in FY 1999. With at least a 25-percent match from non-Federal sources, these grants support new or existing centers for cooperative development, which in turn provide technical assistance to new cooperative businesses in rural areas. These grants have helped establish more than 50 value-added cooperatives serving in excess of 5,000 members.

Research on Rural Cooperative Opportunities and Problems. The Rural Business-Cooperative Service (RBS) supported applied research for agricultural cooperatives by funding the Research on Rural Cooperative Opportunities and Problems initiative. This initiative provides matching monies to universities and nonprofits to conduct research on cutting-edge issues facing our Nation's rural cooperatives. This research also lays the groundwork to expand USDA's authority to nonagricultural rural cooperatives during FY 2000.

Technical Assistance to New and Existing Agricultural Cooperatives. RBS provided direct technical assistance to groups wanting to form cooperatives as well as agricultural cooperatives already operating. Approximately 215 different cooperatives or groups were provided assistance.

Cooperative Education and Research. RBS has an extensive program of research on issues facing rural cooperatives as well as developing educational materials. Business program benefits provided to cooperatives include \$44.4 million in Business and Industry guaranteed loans to 19 cooperative projects, \$306,460 in Rural Business Enterprise grants to 4 cooperative projects, \$2.3 million in Intermediary Relending Program funding to 3 cooperative projects, \$13.7 million in Rural Economic Development loans to 38 cooperative projects, and \$9.3 million in Rural Economic Development grants to 38 cooperative projects.



Congressman Joe Skeen (far right), NM, Chairman, House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies, received phone service for the first time in 1982, thanks to USDA's Rural Telephone Program, now operated by the Rural Utilities Service.

TOP 5 STATES BY VALUE OF CASH RECEIPTS

Lettuce:

CALIFORNIA

ARIZONA

NEW JERSEY

NEW MEXICO

COLORADO



Did You Know?

More than 21,000 hogs, 2 million chickens, and 752,000 turkeys in North Carolina died due to Hurricane Floyd. USDA helped dispose of the carcasses.

Rural Utilities Service

Key Accomplishments for FY 1999

Electric Program. The Electric Program approved 72 loans for a total of \$538 million to Rural Utilities Service (RUS) borrowers serving counties identified as persistent poverty counties. In addition, 83 loans, for a total of \$379 million, were approved for borrowers serving counties identified as having persistent outmigration. Based on financial and statistical information provided by RUS borrowers, 2.8 million consumers benefitted from electric system improvements that were made during FY 1999.

Telecommunications. During FY 1999, the Telecommunications Program improved the information superhighway for rural America by making loans and loan guarantees of \$461 million for 37 rural telecommunications projects that provided improved service to more than 662,000 rural residents, including new service to 220,000 residents. Improvements will include installation of \$63 million of new digital switching technology and over 4,700 miles of fiber optic cable and associated electronic equipment costing \$172 million. Some of these facilities will be used specifically to connect an additional 15 schools to distance learning systems.



An employee of an electric power cooperative monitors power distribution to customers.

TOP 5 STATES BY VALUE OF CASH RECEIPTS

Apples:

WASHINGTON

CALIFORNIA

NEW YORK

MICHIGAN

PENNSYLVANIA



Did You Know?

In a typical year, Rural Development programs create or preserve more than 150,000 rural jobs, enable 40,000 to 50,000 rural Americans to buy homes, and help 450,000 low-income rural Americans to rent apartments or other housing.

RUS Supports Distance Learning and Telemedicine. RUS provided \$8 million in grants for 30 distance learning projects and \$4.9 million in grants and nearly \$2 million in loans for 23 telemedicine projects that will serve rural residents through educational centers and health care providers.

Water and Environmental Programs. During FY 1999, the Water and Environmental programs provided more than \$1.2 billion in loans and grants for over 1,700 rural water or wastewater projects that serve 3 million people, creating over 33,000 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. Water 2000 funded 106 projects in 1999 to improve the drinking water systems serving over 129,000 households, to improve service to over 300,000 people, and to provide first-time public water to over 14,000.

Rural Utilities Service and the Federal Energy Regulatory Commission. RUS has continued to be actively involved in proceedings at the Federal Energy Regulatory Commission (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.

Administration's Electric Industry Restructuring Plan Has Rural Safety Net. USDA and RUS worked with other Federal agencies in the development of the President's Electric Competition Plan and proposed legislation. USDA's participation on the White House Interagency Working Group on Restructuring resulted in the Administration's proposed legislation being the only bill that contained a rural safety net to ensure that high cost to serve rural areas would be protected against unreasonable cost increases in electric power.

Marketing and Regulatory Programs

A Helping Hand In Times of Need

When Hurricane Floyd and its destructive floods hit North Carolina in September 1999, APHIS helped the State on a number of fronts. Agency personnel were involved in local efforts to aid flood victims, working side-by-side with the military to rescue stranded people and help with search activities. APHIS and its emergency response team worked with the State to dispose of the millions of animals—primarily poultry and livestock—that died during the disaster. Information about humane treatment and missing pets was posted on the APHIS' website.

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.

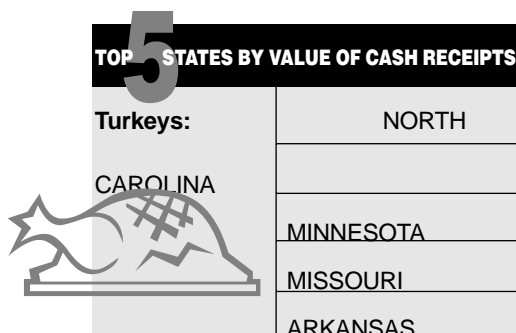
Key Accomplishments for FY 1999

Restructuring of Packers and Stockyards Program. High concentration, forward sales contracts, production contracts, and vertical integration have raised major concerns about competition and trade practices by meat packers and poultry processors. The Packers and Stockyards (P&S) program of the Grain Inspection, Packers and Stockyards Administration (GIPSA) has restructured its headquarters and field offices to better focus on its core responsibilities—overseeing competition, trade practices, and payment protection in the livestock and poultry industries. In 1999, GIPSA completed the final stages of the restructuring. Regional offices were reduced from 11 to 3 while staffing was increased with the addition of legal and economic specialists. Resident agents, who provide basic P&S services and provide a presence in all livestock and poultry production areas, were moved into place in outlying areas throughout the United States.

Complaint Against Excel Corporation. On April 9, 1999, GIPSA filed a complaint against Excel alleging that the firm violated the Packers and Stockyards Act (P&S Act), which prohibits unfair, unjustly discriminatory, or deceptive practices by packers. The complaint alleges that Excel failed to disclose to producers a change in how it calculated the lean percent for hogs purchased on a carcass merit basis, and that, as a result, it paid lower prices for the majority of hogs purchased on this basis. The alleged actions by Excel resulted in farmers being paid \$1.8 million less in transactions involving more than 19,900 lots of hogs that were slaughtered at Excel's three hog plants. The case is scheduled for a hearing in February 2000.

Complaint Against Farmland. On July 20, 1999, GIPSA filed a complaint against Farmland National Beef Packing Company, alleging that the company violated the P&S Act. The complaint alleges that Farmland changed its bidding and buying practices at Callicrate Cattle Company Feedyard after Callicrate's sales manager published an article critical of Farmland in a livestock journal. A hearing date for this complaint is pending.

Rapid Response Teams in South Dakota and Missouri Help as New State Livestock Price Discrimination Reporting Laws Go Into Effect. New livestock price reporting laws took effect in South Dakota and Missouri during the summer of 1999. The laws prohibit packers from paying different prices for livestock with certain exceptions, which include criteria related to carcass merit. GIPSA put rapid response teams in South Dakota July 20-23,



1999, and in Missouri the weeks of August 30 and September 6, 1999, to monitor the situation. GIPSA continues to monitor developments closely.

Pork Crisis. As part of USDA's Pork Crisis Task Force, the Agricultural Marketing Service implemented initiatives designed to help remedy the financial crisis for pork producers. In FY 1999, AMS purchased more than 118 million pounds of pork worth nearly \$127 million for its Federal feeding programs. It expanded its efforts to assist U.S. pork packers and processors marketing their pork products through brand initiatives and quality management system verification. And it released two new hog reports which allow producers to more precisely assess the value of their hogs.

National Organic Program Rulemaking Honored. The National Organic Program's electronic rulemaking project won a 1999 Hammer Award. It also was selected for inclusion in the Smithsonian's Permanent Research Collection, and as a finalist for the Harvard Kennedy School of Government and Ford Foundation's Innovations in American Government Award. The National Organic Program employed the Internet and other communication technology to handle more than 280,000 comments received on its proposed rule for national organic food standards.

Certifier Assessments Keep Organic Products Flowing to the European Union. AMS established a voluntary, fee-for-service program to verify that U.S. State and private organic certifying agencies comply with the requirements which enable the organic industry to comply with European Union requirements for organic products.

Marketing Workshop Reaches Limited-Resource Farmers. AMS, in cooperation with Southern University and A&M College, held an interagency outreach workshop on "The Marketing Challenge" in Memphis, TN, on March 24-26, 1999. This workshop brought together more than 500 small-scale, minority, and disadvantaged farmers from seven mid-Southern States to discuss the challenges and opportunities facing farmers today.

Farmer Direct Marketing. As part of the Farmer Direct Marketing Action Plan, AMS developed a farmer direct marketing web page that provides marketing information for small-scale farmers; links to Federal, State, university, and other direct marketing websites; and includes a bimonthly *Farmer Direct Marketing Newsletter*. AMS also published the Farmer Direct Marketing Bibliography containing information of interest to academia, extension services, nonprofit groups, and farmers and vendors. In addition, it held a workshop in Santa Fe, NM, to address the issue of attracting minority farmers and customers to farmers markets and other public markets.



Congresswoman Marcy Kaptur, OH, Ranking Member, House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies, talks to visitors at the Toledo Farmers Market about the Northwest Ohio Proud Campaign. The campaign sells pork raised by northwest Ohio hog farmers directly to consumers.

Animal Care Program. The Animal and Plant Health Inspection Service's (APHIS) Animal Care program continued its use of new techniques to improve enforcement of the Animal Welfare Act (AWA). For example, it expedited prosecution of AWA offenders, virtually eliminating the backlog of cases. It used innovative penalties which helped licensees come into AWA compliance. APHIS also successfully negotiated a Cooperative Enforcement Agreement with the horse industry to address the very contentious practice of horse soring.

Pest and Disease Exclusion. In fiscal year 1999, APHIS inspectors confiscated 1.8 million prohibited plant and animal products entering the country and, as a result, prevented 52,000 reportable pests from entering the United States. It is also working to improve its system of safeguarding against exotic invasive pests and diseases by implementing recommendations made in a stakeholder review carried out under the guidance of the National Plant Board (NPB).



An APHIS inspector inspects cartons for Asian longhorned beetles.

Pest and Disease Management. APHIS conducts programs that have made considerable inroads in eradicating animal and plant pests and diseases. For example, in January 1999, APHIS initiated the Accelerated Pseudorabies Eradication Program to achieve its goal of eradicating this serious disease from the Nation's swine population by the end of 2000. About 900,000 swine have been depopulated and approximately \$65 million in indemnity payments have been made to affected producers.

APHIS' Animal Care Above and Beyond

It is not uncommon for APHIS' Animal Care officials to go above and beyond their duties in helping animals covered under the AWA. In 1999, members of a touring Russian performance troupe featuring a live bear act were taken into custody for immigration violations. The three bears that had been in the troupe's possession needed a home fast. Animal Care officials first found a temporary home for the bears, and then helped them move to a permanent home in Texas.

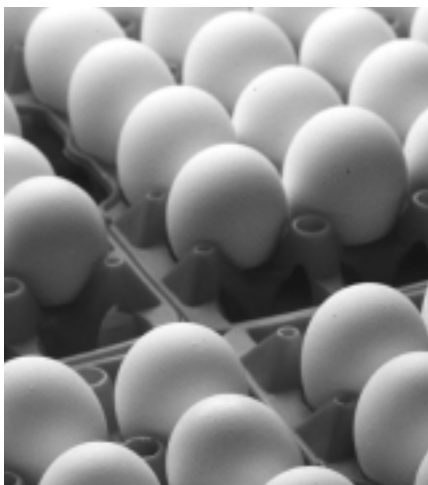


USDA's Beagle Brigade is one facet of APHIS' comprehensive agricultural quarantine and inspection (AQI) program. The Beagle Brigade is a group of nonaggressive detector dogs and their human partners. They search travelers' luggage for prohibited fruits, plants, and meat that could harbor harmful plant and animal pests and diseases.

The Cooperative Boll Weevil Eradication Program has eliminated this destructive insect from nearly 5 million acres in Alabama, Arizona, Virginia, California, the Carolinas, Florida, and Georgia. During the last fiscal year alone, approximately 4 million infested acres in Arkansas, Louisiana, Mississippi, and Texas were enrolled.

Wildlife Sciences Building Dedication. On April 16, 1999, APHIS dedicated the \$14 million, state-of-the-art Wildlife Sciences Building in Fort Collins, CO, the only facility in the world dedicated to resolving conflicts between wildlife and man. It also houses a library on wildlife management that is linked to USDA's National Agricultural Library system, as well as about 80 universities across the United States. This will help APHIS provide leadership in developing socially acceptable and cost-effective methods for managing problems caused by wildlife, while maintaining balanced and healthy ecosystems.

Federal-State Marketing Improvement Program. AMS provides matching funds to State departments of agriculture or other appropriate State agencies for a wide range of research and service projects aimed at improving the marketing, distribution, and use of agricultural products. With Federal funds of \$1.2 million available, the Federal-State Marketing Improvement Program awarded matching funds to 25 projects in 20 States during FY 1999.



USDA, in partnership with the Food and Drug Administration and the President's Council on Food Safety, announced a new Egg Safety Action Plan in December 1999. The plan aims to cut in half by 2005 the number of *Salmonella enteritidis* (SE) illnesses attributed to eggs and will set a goal to eliminate such illnesses altogether by 2010. Nearly 3.3 million eggs in the United States are infected with the SE bacteria annually, and in 1997 alone, there were an estimated 300,000 cases of SE infections. The new plan focuses on (1) producers at the farm level, requiring rigorous on-farm agricultural and sanitation practices, extensive testing for SE, and egg diversion systems, so that infected eggs are rerouted or "diverted" away from consumers; and (2) the processing and packing stages, requiring lethal treatments, also known as a "kill step," for SE-infected eggs, so that SE bacteria are eliminated in these eggs.

Automation of Export Inspection. GIPSA initiated a government-private sector partnership to automate grain inspection processes at export facilities. During FY 1999, building of a prototype system began at one facility in New Orleans. The project received industry-wide support because it offers the potential to reduce GIPSA's inspection operating costs and improve the productivity of U.S. export operations—an essential factor in today's competitive global market.

New Education Package Developed for Eggs and Poultry. To point up the benefits of purchasing USDA-graded eggs and poultry, AMS developed and packaged a media, retail, and education communication program. The communication kits feature a new character logo and include point-of-sale brochures, an educational lesson plan, and general information fact sheets that processors and retailers can use to convey their commitment to providing quality products.

GIPSA Hotlines. GIPSA has two hotlines, one for employees and one for customers. To date, employees have submitted 784 ideas for improving the Agency's programs and services. Numerous comments and concerns from livestock producers and marketers about a South Dakota price reporting law which became effective July 1, 1999, were received on the GIPSA hotline.

NAFTA Dispute Resolution Program. AMS officials were instrumental in developing the North American Free Trade Agreement (NAFTA) Tri-National Dispute Resolution Program, which encourages fair-trading practices between Canada, Mexico, and the United States. The independent organization governing the program will be supported by industry members and is scheduled to be operational in February 2000.

Federal Milk Marketing Order Reform. On August 23, USDA issued a final order consolidating the current 31 Federal milk orders into 11 and making other significant reforms. Issuance of the final order concluded a 3-year process that began with passage of the 1996 Farm Bill that legislated the consolidation and reform.

USDA and U.S. Army Corps of Engineers Work Together on Waterway Issues. USDA and the U.S. Army Corps of Engineers formally agreed to work together to address inland waterway issues affecting the movement of agricultural commodities. The Memorandum of Understanding creates the Inland Waterways Working Group, which will combine the Corps' expertise in policy, planning, evaluation, design, and operation of inland waterways infrastructure with USDA's expertise in agricultural production and marketing, as well as USDA's understanding of the changing nature of rural and agricultural economies.

Did You Know?

APHIS has about 48 canine teams stationed at 19 of the United States' busiest international airports.

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. In 1998, APHIS issued 295,000 plant health export certificates and played a key role in resolving 44 foreign plant and animal health trade issues. These actions, in turn, permitted more than \$398 million in international agricultural trade to take place.

APHIS also completed a risk assessment for regionalization of the European Union (EU) for classical swine fever and a number of other animal diseases. This permitted finalization of a veterinary equivalency agreement with the EU, which will facilitate trade by setting standards for mutual recognition of each party's animal health measures.



Secretary Dan Glickman, AMS Administrator Kathleen Merrigan, and Under Secretary for Marketing and Regulatory Programs Michael Dunn sample produce at the USDA Thanksgiving Farmers Market. USDA sponsors a farmers market every Friday, April through November.

8 Departmentwide Programs


Departmental Administration

To provide the most effective and efficient management leadership and services to support USDA agencies and enable the Department to reach its programmatic goals.

Key Accomplishments for FY 1999

Creating Job Opportunities for Persons with Disabilities. USDA continued to be a Federal leader in efforts to create job and training opportunities for persons with disabilities through its participation in the Javits-Wagner O'Day Act (JWOD) program. In FY 1994, USDA's participation as measured in contracting dollars stood at approximately \$2.5 million. USDA's FY 1999 contributions totaled approximately \$25 million. In recognition of the Department's efforts at the national headquarters and in seven States, USDA was awarded the NISH Government Award for Services in May 1999. The Deputy Chief of the Office of the Chief Information Officer represents USDA as the Presidential Appointee to the Committee for Purchase from People who are Blind or Severely Disabled.

Biobased Products Subject of New Executive Order 13134. To further the development of a comprehensive national strategy to promote and expand the use of cost-competitive biobased products and bioenergy, Secretary Glickman bought and began using 20,000 gallons of B20 biodiesel fuel in fleet vehicles. USDA's Beltsville, MD, Agricultural Research Center and the Black Hills National Forest, SD, were the first locations to use B20 biodiesel in their vehicles this summer.

TOP 5 STATES BY VALUE OF CASH RECEIPTS	
Strawberries: 	CALIFORNIA
	FLORIDA
	OREGON
	NORTH CAROLINA
	NEW YORK



The USDA Agricultural Research Center farm in Beltsville, MD, is one of the locations where USDA vehicles are now using alternative diesel fuel made from soybeans, corn, or other crops.

USDA Recycling Efforts Provide Jobs for Persons with Disabilities.

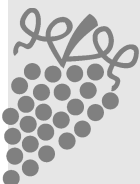
USDA began a new initiative, to recycle ink jet printer cartridges. To implement this initiative, USDA is working with NISH, a national nonprofit agency that seeks to enhance the quality of life of people with severe disabilities. NISH works with community rehabilitation programs in California to create jobs sorting, refilling, stocking, and selling the refilled cartridges, thereby providing opportunities for job training and productive employment for persons with disabilities. USDA offices across the Nation are receiving the envelopes to use in recycling the cartridges, and the USDA Forest Service will make the recycling mailers available to private citizens at FS visitor centers across the country.

First Phase of the South Building Renovation Project Nears Completion.

The Agriculture South Building is the largest building in the USDA building inventory. Located in Washington, DC, on the National Mall, it can house up to 6,800 employees in about 1.2 million square feet of occupiable space. It is in dire need of rehabilitation to bring it into code compliance for fire and life safety; eliminate health hazards such as air quality, asbestos, PCB's and lead paint; and rehabilitate plumbing, electrical, mechanical and telecommunications systems. Congress approved a plan to rehabilitate the building in eight phases. Phase 1 of the plan is in the construction stage, with occupancy scheduled to begin in the spring of 2000. With approval of funding for future phases, this project will provide the framework for providing a safe and more productive working environment for up to 6,800 USDA employees.



Secretary Dan Glickman checks groceries at a local supermarket. "I want to assure the American people that they will continue to enjoy plentiful and safe food as we start the new millennium," Glickman said. "The Federal Government has worked hard with all segments of the food supply industry to make sure of that."

TOP 5 STATES BY VALUE OF CASH RECEIPTS	
Grapes: 	CALIFORNIA
	WASHINGTON
	NEW YORK
	OREGON
	MICHIGAN

George Washington Carver Center. The George Washington Carver Center is a new USDA campus of four buildings that occupies about 45 acres of Federal land at the 6,500-acre Beltsville Agricultural Research Center in Beltsville, MD. The Center is operated and maintained under a contract with Melwood, Inc., a community rehabilitation program providing work and training opportunities for the disabled. Secretary Glickman officially dedicated the Center on October 7, 1999, honoring Dr. Carver for his many achievements in creative scientific research and for his contributions to improving the health and living conditions of southern farmers.

Welfare to Work. USDA supported President Clinton's initiative to employ welfare recipients in Federal positions by hiring 608 Welfare to Work (W2W) hires to date, exceeding by 62 percent its commitment to hire 375 recipients.

Conflict Prevention and Resolution Center. Starting with the creation of the Conflict Prevention and Resolution Center in October 1998, USDA made significant strides in FY 1999 in promoting more effective conflict resolution practices for workplace and programmatic disputes. In December, Secretary Glickman issued a policy requiring agency heads to ensure that managers and supervisors are trained in conflict management skills, and that all their employees have access to alternative dispute resolution (ADR) services. As recognition of USDA's advances in the ADR field, one of USDA's offices, the National Finance Center, was an honoree at the inaugural Office of Personnel Management Director's Awards for Outstanding Alternative Dispute Resolution Programs in July.

Small Farmer Outreach Training and Technical Assistance. The USDA Small Farmer Outreach Training and Technical Assistance Program, also called the 2501 Program, funds training and technical assistance to small and limited-resource farmers and ranchers on USDA Programs. During FY 1999, 26 projects received \$3 million in grant assistance. In 1994-99, the 2501 Program provided more than \$23 million to finance training and technical assistance efforts.

USDA Innovations in Ethics Training. The USDA Office of Ethics used a two-pronged approach to successfully conduct its ethics training during FY 1999 for the 100,000 employees stationed in every U.S. county and in many foreign countries. First, eight topical training modules were placed on the ethics web site with an electronic form at the end of each module, with which the trainee could self-certify his or her training. Second, USDA joined with the Department of Interior to broadcast interactive satellite training nationwide to over 215 downlink locations—87 of which were USDA locations. Staff response has been strong and favorable.

Office of the Chief Economist

The Office of the Chief Economist's (OCE) mission 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 that the public has consistent, objective, and reliable agricultural market forecasts; and to promote effective and efficient rules governing Departmental programs.

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

Key Accomplishments for FY 1999

Risk Assessment Advances. The concerns about agriculture-related hazards to human health and the environment continue to escalate, which compels the Department to continually update the techniques for identifying risks and options for reducing them. During FY 1999, ORACBA provided technical support for USDA risk assessments for such issues as hog cholera in the European Union, pests contained in solid packing material used in import shipping containers, foot-and-mouth disease in beef from Brazil, and pests and pathogens on citrus from Argentina.

Helping Small Farms. OCE's Director of Sustainable Development and Small Farms initiated and chaired a working group of USDA agency small farms coordinators to identify and carry out an agenda to assist small farms. The Director staffed the USDA Council on Small Farms, chaired by the Deputy Secretary, which developed a small farms policy for inclusion in departmental regulations and created an external departmental advisory committee on small farms to serve as a vehicle for identifying the concerns and needs of small farms.

World Board Achievements. USDA has focused on improving weather data and analysis capabilities in foreign countries.

Over the past year, the WAOB monitored potentially crop-damaging weather events in the United States and across the globe and reported on the likely impacts on world commodity supplies and demand to the Secretary, Congress, and the public, in publications such as the *World Agricultural Supply and Demand Estimates* report. The Office of the Chief Economist

Did You Know?

Since 1929, the share of disposable personal income spent on food by families and individuals has dropped from 23.9 percent to 11 percent in 1998 and 1999. The largest share of income spent on food was in 1933, when families and individuals spent 25.9 percent of their disposable personal income on food.

monitored potential crop loss claims, to advise developing legislation that provided crop loss assistance to producers, and it also examined alternative programs for providing economic assistance to producers as a result of low prices and incomes.

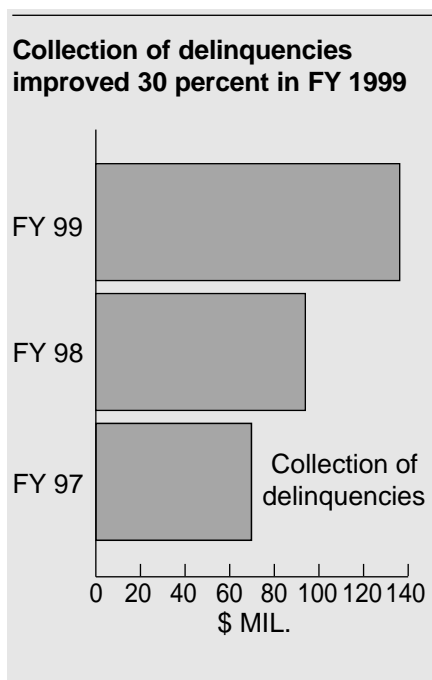
Office of the Chief Financial Officer

The Office of the Chief Financial Officer's (OCFO) mission is to 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.

Key Accomplishments for FY 1999

Forest Service and Food Safety and Inspection Service Implement Foundation Financial Information System (FFIS). USDA achieved its first successful implementation of FFIS by two major agencies. Chief Financial Officer Sally Thompson and senior-level staff from the Secretary's Office recognized the FFIS Project Office and Forest Service and Food Safety and Inspection Service leaders for accomplishing this implementation in 14 months. This implementation marks USDA's first step in complying with the congressional mandate within the CFO Act that requires an integrated accounting system.

Debt Collection Improvement Act. USDA has collected \$136.2 million in delinquent debt through the Treasury's Administrative Offset Program during FY 1999. This figure represents a 45-percent increase over the \$93.9 million collected in FY 1998 and a 90-percent increase over the \$71.5 million collected in FY 1997. In addition, USDA continues to lower the amount of delinquent debt, going from \$7.5 billion in delinquencies in FY 1997 to \$6.4 billion in FY 1999, representing nearly a 15-percent drop (see graph).



Office of the Chief Information Officer

The Office of the Chief Information Officer's (OCIO) mission 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 its mission.

Key Accomplishments for FY 1999

Protecting the Program, Financial, and Personal Assets of USDA's Agencies, Customers, and Employees. As more USDA business is conducted over the Internet, the threat to USDA's financial and program assets, as well as to the privacy of personal information about USDA's customers and

employees, increases. OCIO conducted a review of USDA's cyber-security program; established a cyber-corps of technical staff to detect and respond rapidly to attempts to hack into computer systems; implemented a 24-hour incident reporting procedure; developed agency information security self-assessment tools (as well as action plan which includes risk assessments, establishment of a cyber-security office, and an education and training program for USDA's managers and employees); and issued new policies on Internet and Electronic Mail Security.

USDA Makes Progress in Addressing "Year 2000" Computer Problem.

USDA continued to make progress in addressing Year 2000 computer and embedded chip problems and ensuring the uninterrupted delivery of its programs and services. On October 1, 1999, the Department announced that all 344 of its mission-critical systems were Year 2000 compliant. In addition, USDA is the lead governmental agency in assessing the likely effects of the Year 2000 problem on the Nation's food supply, working closely with other Federal agencies and industry partners in this effort. USDA concluded that the food industry is well prepared for Y2K.

Office of Inspector General

The Office of Inspector General's 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.

Key Accomplishments for FY 1999

Recoveries and Savings. In FY 1999, the Office of Inspector General (OIG) identified nearly \$66 million in recoveries and collections and more than \$43 million in fines and restitutions. OIG also identified approximately \$207 million in questioned costs that cannot be recovered. Another \$114 million was identified for which management made commitments to put funds to better use. OIG efforts also resulted in 502 criminal indictments and 559 convictions.

Arrests Continue To Climb in Operation Talon. Operation Talon is a presidential initiative designed and implemented by OIG to locate and apprehend fugitives, many of them violent offenders, who are current or former food stamp recipients. As of September 30, 1999, Operation Talon had resulted in 4,801 arrests of fugitive felons during joint OIG/State and local law enforcement operations. This figure included 33 fugitives wanted for murder or attempted murder, 24 wanted for child molestation, and 13 wanted for rape or attempted rape.



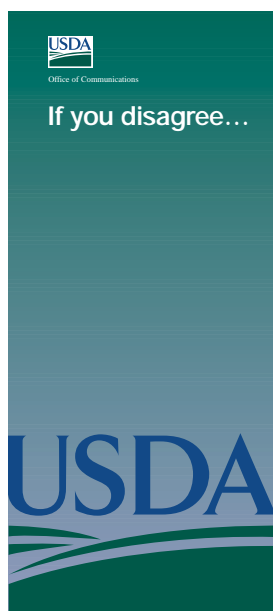
Operation “Kiddie Care” Continues To Find Fraud in the Child and Adult Care Food Program (CACFP). Operation “Kiddie Care,” OIG’s Presidential initiative to identify, remove, and prosecute unscrupulous CACFP sponsoring organizations, continues to be successful. Twenty sponsoring organizations receiving approximately \$42.3 million annually in food and administrative funds have been terminated from CACFP. Thirty-four individuals have pled guilty or were convicted, and 29 individuals were sentenced for their illegal activities.

Presidential Initiative in the Rural Rental Housing Program Uncovers Fraud and Threats to Tenant Health and Safety. In order to curb program abuse and develop a roadmap for future efforts, OIG and the Rural Housing Service undertook a nationwide cooperative effort to identify owners and management agents who misused funds while neglecting the physical condition of Rural Rental Housing apartment complexes. The initiative identified over \$4.3 million in misused funds at apartment complexes operated by 20 owners and management agents.

National Appeals Division

The mission of USDA’s National Appeals Division (NAD) is to conduct impartial administrative appeal hearings and reviews of adverse program decisions made by officers, employees, or committees of designated agencies of the Department of Agriculture.

NAD issued over 1,000 appeal decisions and 600 review determinations, as well as reconsideration requests in 40 cases. NAD also certified over 40 litigation files and responded to over 80 Freedom of Information requests without appeals. The NAD director personally conducted over 500 director reviews, most involving a variety of Farm Service Agency decisions. NAD issued over 500 appealability determinations, many involving new programs.



For more appeals information, see <http://www.nad.usda.gov>

