

For Brian Smith

PHOTOCOPY  
PRESERVATION

# **1 9 9 4**

# **BUDGET SUMMARY**



**U.S. DEPARTMENT OF AGRICULTURE**

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## INTRODUCTION

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This booklet describes the fiscal year 1994 budget for the U.S. Department of Agriculture (USDA). All references to years refer to fiscal year, except where specifically noted.

The booklet is divided into the following sections:

- Investment Proposals. This section includes the Department's programs that have major additions to base funding for ongoing activities, the purpose of which is to improve productivity and provide a wide range of critical physical and human capital initiatives. The 1994 estimates reflected throughout this booklet include these requests.
- Savings Proposals. These proposals are a part of a governmentwide effort to eliminate spending that is unnecessary or wasteful, that provides unjustified subsidies to identifiable segments of the economy, that goes to programs that simply do not work or which are no longer useful in a changed world. Also, included are savings due to the governmentwide reduction of administrative expenses.
- Agency Programs. This section provides detail of the 1994 budget proposals on an agency by agency basis.
- Multiagency Programs. This section describes funding for selected programs that involve multiple agencies.
- Stimulus Supplementals. This section describes the Department of Agriculture's programs that are included in the Administration's Stimulus Proposals. These supplementals are designed to provide a boost to the economy in the short run and create new jobs. All proposed spending in the stimulus package is consistent with proposals for longer term public investment. The 1993 current estimates reflected throughout this booklet include these requests.
- Appendix Tables.

Knowledge of the following basic budget terminology will assist the reader in understanding the budget proposals:

- "Program Level" represents the gross financial value of benefits provided to the public by USDA. These benefits may be in the form of financial assistance through grants, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance activities, or in-kind benefits such as commodities.
- "Budget Authority" is the authority to commit funds of the Treasury. This authority is normally provided by the Congress through appropriations acts. The President's budget requests the Congress to appropriate or otherwise provide an amount of budget authority sufficient to carry out recommended Government programs.

## INTRODUCTION

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- "Obligations" are specific commitments of Government funds. In order to make a valid obligation, a sufficient amount of unused budget authority must be available to cover the obligation.
- "Outlays" are cash disbursements from the Treasury to satisfy a valid obligation.

Since the primary purpose of this booklet is to describe the programmatic impact of the 1994 budget, the program level concept has been used in most instances. However, there are some cases where other measures are used and the reader should take care to note which measure is being used in any particular subject area. The reader should also understand that many 1994 estimates are very tentative especially where programs are sensitive to weather or economic conditions.

Questions may be referred to the Office of Budget and Program Analysis at (202) 720-6176.

UNITED STATES DEPARTMENT OF AGRICULTURE  
Program Level and Outlays  
(Dollars in Millions)

| Agency/Program                                     | Program Level  |                             |                |                           | Outlays        |                             |                |
|----------------------------------------------------|----------------|-----------------------------|----------------|---------------------------|----------------|-----------------------------|----------------|
|                                                    | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget | Change<br>1993 to<br>1994 | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
| <b>RESEARCH AND EDUCATION</b>                      |                |                             |                |                           |                |                             |                |
| Agricultural Research Service .....                | \$671          | \$668                       | \$683          | \$15                      | \$663          | \$661                       | \$666          |
| Cooperative State Research Service .....           | 433            | 433                         | 431            | -2                        | 381            | 417                         | 432            |
| Extension Service .....                            | 419            | 425                         | 431            | 6                         | 404            | 424                         | 417            |
| National Agricultural Library .....                | 18             | 18                          | 18             | 0                         | 15             | 17                          | 18             |
| Subtotal .....                                     | 1,541          | 1,544                       | 1,563          | 19                        | 1,463          | 1,519                       | 1,533          |
| Construction .....                                 | 140            | 124                         | 25             | -99                       | 69             | 99                          | 84             |
| Total, Research and Education .....                | 1,681          | 1,668                       | 1,588          | -80                       | 1,532          | 1,618                       | 1,617          |
| <b>ALTERNATIVE AGRICULTURAL</b>                    |                |                             |                |                           |                |                             |                |
| RESEARCH AND COMMERCIALIZATION .....               | 5              | 7                           | 20             | 13                        | 0              | 2                           | 6              |
| <b>FARM SERVICE AGENCY</b>                         |                |                             |                |                           |                |                             |                |
| Farm Loan and Grant Programs .....                 | 2,314          | 3,434                       | 5,712          | 2,278                     | 1,179          | 491                         | 166            |
| Rural Housing Loan and Grant Programs .....        | 2,632          | 3,092                       | 3,911          | 819                       | 2,362          | 2,045                       | 2,054          |
| Other Financial Assistance Programs:               |                |                             |                |                           |                |                             |                |
| Environmental Conservation Acreage Reserve         |                |                             |                |                           |                |                             |                |
| Program:                                           |                |                             |                |                           |                |                             |                |
| Conservation Reserve Program .....                 | 1,652          | 1,775                       | 1,827          | 52                        | 1,661          | 1,775                       | 1,827          |
| Wetlands Reserve Program .....                     | 40             | 0                           | 370            | 370                       | 0              | 31                          | 9              |
| Other Conservation Cost-Share Programs .....       | 377            | 487                         | 362            | -125                      | 332            | 516                         | 456            |
| Commodity Credit Corporation Programs .....        | 16,487         | 22,842                      | 19,098         | -3,744                    | 9,672          | 17,033                      | 11,988         |
| Salaries and Expenses .....                        | 2,231          | 2,280                       | 2,278          | -2                        | 1,526          | 1,563                       | 1,574          |
| Total, Farm Service Agency .....                   | 25,733         | 33,910                      | 33,558         | -352                      | 16,732         | 23,454                      | 18,074         |
| <b>SMALL COMMUNITY AND RURAL DEVELOPMENT</b>       |                |                             |                |                           |                |                             |                |
| Rural Development Administration:                  |                |                             |                |                           |                |                             |                |
| Rural Community Development Programs .....         | 1,254          | 2,548                       | 2,475          | -73                       | 957            | 1,036                       | 1,033          |
| Salaries and Expenses .....                        | 20             | 38                          | 39             | 1                         | -32            | 20                          | 9              |
| Subtotal, Rural Development Administration .....   | 1,274          | 2,586                       | 2,514          | -72                       | 925            | 1,056                       | 1,042          |
| Rural Electrification Administration:              |                |                             |                |                           |                |                             |                |
| Rural Utility Loans and Grants .....               | 1,832          | 2,010                       | 2,047          | 37                        | 60             | 149                         | 142            |
| Pre-Credit Reform Loans .....                      | 0              | 0                           | 0              | 0                         | -989           | -459                        | -917           |
| Salaries and Expenses .....                        | 35             | 38                          | 39             | 1                         | -5             | 0                           | 0              |
| Subtotal, Rural Electrification Admin. ....        | 1,867          | 2,048                       | 2,086          | 38                        | -934           | -310                        | -775           |
| Federal Crop Insurance Corporation .....           | 1,433          | 1,289                       | 1,021          | -268                      | 954            | 867                         | 834            |
| Total, Small Community and Rural Development ..... | 4,574          | 5,923                       | 5,621          | -302                      | 945            | 1,613                       | 1,101          |
| <b>INTERNATIONAL PROGRAMS</b>                      |                |                             |                |                           |                |                             |                |
| Export Credit Guarantees .....                     | 5,684          | 5,700                       | 5,700          | 0                         | *              | *                           | *              |
| Export Enhancement Program .....                   | 968            | 1,200                       | 1,000          | -200                      | *              | *                           | *              |
| Market Promotion Program .....                     | 200            | 148                         | 148            | 0                         | *              | *                           | *              |
| Other Export Promotion Programs .....              | 100            | 136                         | 124            | -12                       | **             | **                          | **             |
| P.L. 480 .....                                     | 1,604          | 1,699                       | 1,618          | -81                       | 972            | 1,230                       | 1,072          |
| Foreign Agricultural Service .....                 | 115            | 118                         | 109            | -9                        | 122            | 118                         | 115            |
| General Sales Manager .....                        | 9              | 9                           | 9              | 0                         | 5              | 5                           | 5              |
| Office of Intern'l Cooperation & Development ..    | 39             | 46                          | 46             | 0                         | 6              | 12                          | 12             |
| Total, International Programs .....                | 8,719          | 9,056                       | 8,754          | -302                      | 1,105          | 1,365                       | 1,204          |

| Agency/Program                                  | Program Level  |                             |                |                           | Outlays        |                             |                |
|-------------------------------------------------|----------------|-----------------------------|----------------|---------------------------|----------------|-----------------------------|----------------|
|                                                 | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget | Change<br>1993 to<br>1994 | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
| FOREST SERVICE .....                            | 3,350          | 3,515                       | 3,394          | -121                      | 3,293          | 3,447                       | 3,367          |
| FOOD AND CONSUMER SERVICES                      |                |                             |                |                           |                |                             |                |
| Food and Nutrition Service:                     |                |                             |                |                           |                |                             |                |
| Women, Infants and Children (WIC) .....         | 2,673          | 2,974                       | 3,296          | 322                       | 2,545          | 2,908                       | 3,268          |
| Food Stamp Program .....                        | 22,468         | 24,080                      | 25,130         | 1,050                     | 21,804         | 23,503                      | 25,088         |
| Nutrition Assistance for Puerto Rico .....      | 1,002          | 1,040                       | 1,091          | 51                        | 996            | 1,043                       | 1,091          |
| Child Nutrition Programs .....                  | 6,655          | 7,306                       | 7,960          | 654                       | 6,527          | 7,238                       | 7,872          |
| Food Donations Programs .....                   | 354            | 351                         | 339            | -12                       | 340            | 363                         | 341            |
| Emergency Food Assistance Program .....         | 165            | 189                         | 210            | 21                        | 165            | 191                         | 209            |
| All Other .....                                 | 125            | 166                         | 126            | -40                       | 120            | 172                         | 124            |
| Total, Food and Nutrition Service .....         | 33,442         | 36,106                      | 38,152         | 2,046                     | 32,497         | 35,418                      | 37,993         |
| Human Nutrition Information Service .....       | 11             | 9                           | 13             | 4                         | 10             | 9                           | 12             |
| Section 32 Funds .....                          | 114            | 281                         | 300            | 19                        | 141            | 75                          | 50             |
| Total, Food and Consumer Services .....         | 33,567         | 36,396                      | 38,465         | 2,069                     | 32,648         | 35,502                      | 38,055         |
| MARKETING AND INSPECTION SERVICE                |                |                             |                |                           |                |                             |                |
| Food Safety and Inspection Service .....        | 534            | 559                         | 586            | 27                        | 468            | 496                         | 410            |
| Animal and Plant Health Inspection Service .... | 488            | 487                         | 466            | -21                       | 448            | 498                         | 453            |
| Agricultural Marketing Service .....            | 235            | 235                         | 235            | 0                         | 165            | 178                         | 161            |
| All Other .....                                 | 60             | 72                          | 72             | 0                         | 26             | 28                          | 22             |
| Total, Marketing and Inspection Programs ....   | 1,317          | 1,353                       | 1,359          | 6                         | 1,107          | 1,200                       | 1,046          |
| ECONOMICS AND STATISTICS .....                  | 145            | 143                         | 137            | -6                        | 140            | 140                         | 136            |
| DEPARTMENTAL ACTIVITIES                         |                |                             |                |                           |                |                             |                |
| Departmental Offices .....                      | 137            | 137                         | 141            | 4                         | 133            | 137                         | 140            |
| Centrally Financed Activities .....             | 106            | 96                          | 96             | 0                         | 110            | 113                         | 103            |
| RECEIPTS .....                                  | 0              | 0                           | 0              | 0                         | -1,310         | -1,676                      | -1,828         |
| USDA, TOTAL .....                               | 79,334         | 92,204                      | 93,133         | 929                       | 56,437         | 66,915                      | 63,021         |

\* Net outlays attributable to these activities are included in CCC totals.

\*\* Funding from CCC and Section 32.

## INVESTMENT PROPOSALS

### INVESTMENT PROPOSALS

Program Level Increases  
(Dollars in Millions)

| Program                                                                      | 1994<br>Budget   | 1994-97<br>Estimate |
|------------------------------------------------------------------------------|------------------|---------------------|
| Rural Development Initiative:                                                |                  |                     |
| Water and Waste Disposal:                                                    |                  |                     |
| Loans . . . . .                                                              | \$230.0          | \$1,130.0           |
| Grants . . . . .                                                             | 140.0            | 740.0               |
| Business and Industry Loans . . . . .                                        | 200.0            | 1,700.0             |
| Community Facility Loans . . . . .                                           | 375.0            | 1,875.0             |
| Intermediary Relending Program . . . . .                                     | 140.4            | 890.4               |
| Rural Development Grants . . . . .                                           | 30.0             | 180.0               |
| Single Family Housing Loans . . . . .                                        | 600.0            | 3,600.0             |
| Housing Repair Loans . . . . .                                               | 30.0             | 180.0               |
| Housing Repair Grants . . . . .                                              | 18.0             | 108.0               |
| Rental Assistance Payments . . . . .                                         | 75.0             | 450.0               |
| Housing Vouchers . . . . .                                                   | 75.0             | 450.0               |
| Enhanced Telecommunications including<br>Distance Learning and Medical Links |                  |                     |
| Loans . . . . .                                                              | 50.0             | 50.0                |
| Subtotal, Rural Development Initiative                                       | 1,963.4          | 11,353.4            |
| Food Safety and Inspection Service . . . . .                                 | 18.0             | 120.0               |
| National Research Initiative . . . . .                                       | 30.0             | 480.0               |
| Food and Nutrition Service:                                                  |                  |                     |
| Women, Infants, and Children (WIC) . . . . .                                 | 350.0            | 2,725.0             |
| Child and Adult Care Food Program . . . . .                                  | 115.0            | 800.0               |
| Food Stamp Program . . . . .                                                 | 603.0            | 5,758.0             |
| Emergency Food Assistance Program . . . . .                                  | 40.0             | 244.0               |
| Natural Resource Protection and<br>Environmental Infrastructure . . . . .    | 79.0             | 565.0               |
| Forests for the Future . . . . .                                             | 30.0             | 180.0               |
| Tree Planting Initiative . . . . .                                           | 25.0             | 199.0               |
| Forestry Research Initiative . . . . .                                       | 20.0             | 287.0               |
| Governmentwide Technology Initiative . . . . .                               | 7.0              | 84.0                |
| Total, Investments . . . . .                                                 | <u>\$3,280.4</u> | <u>\$22,795.4</u>   |

NOTE: For the budget authority and outlays associated with these items see page 94.

## INVESTMENT PROPOSALS

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The President's 1994 proposals include both long-term investments in high priority programs and budget reductions to help deal with the deficit. Major investment proposals for USDA include a program increase of \$3.3 billion in 1994 and a cumulative program increase of \$23 billion during the 1994-1997 period in high priority areas as follows:

- An additional \$2.0 billion in 1994 and \$11.3 billion for 1994-1997 for a major rural development initiative which will include additional investments in business and industrial development as well as housing in rural areas. An additional \$370 million in 1994 and \$1.9 billion for 1994-1997 will be committed for loans and grants that support rural water and waste disposal systems (pages 34 and 39). An additional \$50 million in REA direct telephone loans and Rural Telephone Bank loans is requested to provide additional investment for distance learning and medical link facilities and telecommunication modernization in rural areas (page 43).
- An additional \$18 million in 1994 and \$120 million for 1994-1997 will continue efforts to staff the Meat and Poultry Inspection Program and to initiate additional research to bring about an overall improvement in the meat and poultry inspection system (page 63).
- An additional \$30 million in 1994 and \$480 million for 1994-1997 will be devoted to the National Research Initiative (NRI). Through this initiative competitive grants will be used to assure the best possible research to meet high priority agricultural, food, and environmental research needs. Top flight research is needed to assure the continued competitiveness of U.S. agricultural products in global trade, ensure the food supply's safety and quality, and sustain natural resources. NRI grants are awarded competitively after a stringent peer-review process to ensure that the most qualified research proposals are chosen (page 20).
- \$350 million in 1994 and \$2.7 billion for 1994-1997 for the Women, Infants, and Children Program to ensure that the President's full funding commitment for this program is fulfilled by the end of 1996 (page 60).
- \$115 million in 1994 and \$800 million for 1994-1997 in the Child and Adult Care Food Program to provide nutritious meals to additional Head Start students (page 60).
- \$603 million in 1994 and \$5.8 billion for 1994-1997 for the Food Stamp Program to increase benefits to low-income households and to help offset the effects of the proposed energy tax on these households (page 60).
- \$40 million in 1994 and \$244 million for 1994-1997 for the Emergency Food Assistance Program to provide additional commodities to needy households (page 60).

## INVESTMENT PROPOSALS

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- \$79 million in 1994 and \$565 million for 1994-1997 will be invested in national forests for natural resource protection and environmental infrastructure. Building on the stimulus initiatives, this proposal would protect and rehabilitate America's inventory of natural and cultural assets, restore the facilities that protect these resources, and improve public access to them (page 55).
- \$30 million in 1994 and \$180 million for 1994-1997 will be invested towards the international goal of reducing worldwide deforestation. At the 1992 Rio "Earth Summit," the U.S. proposed that all countries join in doubling international forestry assistance (page 55).
- \$25 million in 1994 and \$199 million for 1994-1997 for the tree planting initiative to support programs of grants for technical and cost-share assistance to non-industrial rural landowners for a variety of forest stewardship practices, including tree planting. Also funded is a program of grants for urban forestry activities which provides environmental benefits and productive seasonal jobs for urban youth (page 55).
- \$20 million in 1994 and \$287 million for 1994-1997 for a forestry research initiative to increase the breadth of forestry research areas that are investigated. Managing the Nation's forest resources relies increasingly upon scientific information and technology (pages 20, 24, and 55).
- \$7 million in 1994 and \$84 million for 1994-1997 will be invested in a governmentwide technology initiatives for advanced manufacturing, advanced materials, and math and science education. ARS scientists will apply advanced research methods, such as bioconversion, enzyme engineering and improved membrane separation to develop means to produce new products, including biofuels. A portion of the increase proposed for ARS will be used to develop technology to improve farm production efficiency through the integration of biological, engineering and economic models (page 15).

## SAVINGS PROPOSALS

### MANDATORY SAVINGS

| Outlays<br>(Dollars in Millions)                                                                         |                |                     |
|----------------------------------------------------------------------------------------------------------|----------------|---------------------|
| Program                                                                                                  | 1994<br>Budget | 1994-97<br>Estimate |
| Commodity Credit Corporation:                                                                            |                |                     |
| Farm Payments Limited to Those<br>With Less Than \$100,000 in                                            |                |                     |
| Off-farm Income . . . . .                                                                                | \$75.0         | \$470.0             |
| Limit Wool and Mohair Direct Support                                                                     |                |                     |
| Payments to \$50,000 Per Person . . . . .                                                                | 10.0           | 212.0               |
| Honey Subsidies Would Be Eliminated . . . . .                                                            | 12.0           | 32.0                |
| "Triple Base" Acres Would Be Increased                                                                   |                |                     |
| From 15% to 25% . . . . .                                                                                | 0.0            | 1,340.0             |
| Increase Assessments on Non-Program                                                                      |                |                     |
| Crops . . . . .                                                                                          | 0.0            | 365.0               |
| Eliminate 0/92 and 50/92 Programs . . . . .                                                              | 0.0            | 835.0               |
| Freeze Market Promotion Program . . . . .                                                                | 52.3           | 209.2               |
| Reform Federal Crop Insurance . . . . .                                                                  | 0.0            | 739.0               |
| Forest Service:                                                                                          |                |                     |
| Increase Grazing and Recreation Fees . . . . .                                                           | 12.0           | 74.0                |
| New User Fees for Marketing Agreements<br>and Orders . . . . .                                           |                |                     |
|                                                                                                          | 10.7           | 42.8                |
| Food and Nutrition Service:                                                                              |                |                     |
| Food Stamp Program, Limit Federal Share<br>of States' Administrative Expenses to<br>50 percent . . . . . |                |                     |
|                                                                                                          | 20.0           | 140.0               |
| Total, Mandatory Savings . . . . .                                                                       | \$192.0        | \$4,459.0           |

NOTE: For the budget authority and outlays associated with these items see page 95.

The 1994 budget for USDA includes savings of \$192.0 million in 1994 and \$4.5 billion in cumulative 1994-1997 mandatory savings.

- Legislative proposals to achieve savings in commodity price and income support and other Commodity Credit Corporation (CCC) programs beginning with 1994 programs include:
  - \$75 million in 1994 and \$470 million in 1994-1997 will be saved by targeting CCC price support loans and income support payments to farmers with off-farm incomes below \$100,000. Persons with off-farm incomes of \$100,000 or more would be ineligible to receive commodity program price support loans and income support payments under this proposal (page 36).

## SAVINGS PROPOSALS

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- \$10 million in 1994 and \$212 million in 1994-1997 are projected to be saved by limiting wool and mohair incentive payments to \$50,000 per person. A combined limit of \$50,000 per person for wool and mohair incentive payments would be more comparable with payment limits on other commodities. Under current law, wool and mohair producers are subject to separate payment limits of \$125,000 per person under each program (page 36).
- \$12 million in 1994 and \$32 million in 1994-1997 are projected to be saved by eliminating subsidies to honey producers. Honey price support loans and payments would be terminated effective with the 1994 marketing year. Essential pollination services provided by honeybees are expected to be adequate without the honey subsidy program (page 36).
- In the longer term, proposals to extend and expand commodity price and income support program reforms and cost reductions after the 1995 expiration of the Food, Agriculture, Conservation and Trade Act of 1990 (FACT Act) and the Omnibus Budget Reconciliation Act of 1990 (OBRA) include the following changes which would take effect in 1996 with expected cumulative savings of \$2.54 billion over the 1996-1997 period:
  - Increase non-eligible payment acres (triple base) to 25 percent effective with the 1996 price and income support programs. The "triple base" initiated by the 1990 OBRA made 15 percent of a farm's crop acreage base ineligible for crop deficiency payments (for wheat, feedgrains, rice and cotton). Ineligible acres would be increased to 25 percent effective with the 1996 crops (page 36).
  - Increase assessments and fees on "non-program" crops starting in 1996. The 1990 OBRA imposed assessment (and loan origination fees for oilseeds) on non-program subsidized crops not affected by the "triple base" payment acreage reduction. These assessments or fees for peanuts, tobacco, sugar, dairy, wool, mohair, and oilseeds would be increased in 1996 in proportion to the increase in non-eligible payment acreage for the crops subject to acreage adjustment programs (page 36).
  - Eliminate the 0/92 and 50/92 programs starting in 1996. Cotton and rice producers are currently allowed to receive 92 percent of their normal deficiency payments if they plant as little as half of their acreage base and devote the remaining acres to conserving uses or certain alternative crops. Feed grain and wheat producers may receive 92 percent of the normal deficiency payments without planting any of the program crop. These programs, initiated in the mid-1980's when surplus production was substantial, have removed greater than expected acreage from production while the need for acreage reduction programs has declined (page 36).

## SAVINGS PROPOSALS

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- \$52.3 million in 1994 and \$209.2 million for 1994-1997 will be saved by freezing the Market Promotion Program (MPP) at the 1993 program level of \$147.7 million. This is a reduction of \$52.3 million from the annual baseline level of \$200 million per year. The MPP provides cost-share assistance to eligible nonprofit agricultural trade organizations, regional State trade associations, and private companies that carry out market promotion activities overseas. The program is administered by the Foreign Agricultural Service (FAS) and is funded by CCC (page 48).
- \$739 million in indemnity payments will be saved for 1994-1997 by reforming the crop insurance program to provide for the phase-in of indemnity payments based on area- or county-wide yields (page 44).
- \$12 million in 1994 and \$74 million for 1994-1997 will be saved by increased grazing and recreation fees. The Administration proposes an increase in grazing fees on public lands as negotiated by the Secretaries of Interior and Agriculture. Grazing fees are charged for an annual permit to graze cattle, sheep, or horses on Federal lands. Also, the Forest Service manages 156 national forests that provide a wide spectrum of outdoor activities. Currently, the FS charges user fees for fully equipped camping sites. In order to generate revenue to maintain and enhance recreation on national forests, the FS would selectively charge entrance fees for developed recreation areas, such as areas where all-terrain vehicles are allowed (page 56).
- \$10.7 million in 1994 and \$42.8 million for 1994-1997 will be saved by establishing a new user fee to recover the Government's cost of administering marketing agreements and orders (page 70).
- \$20 million in 1994 and \$140 million for 1994-1997 will be saved by equalizing the Food Stamp Program's State administrative match at 50 percent (page 60).

## SAVINGS PROPOSALS

### DISCRETIONARY SAVINGS

Outlays  
(Dollars in Millions)

| Program                                      | 1994<br>Budget | 1994-97<br>Estimate |
|----------------------------------------------|----------------|---------------------|
| Farm Service Agency:                         |                |                     |
| Create a Single Farm Service Agency . . . .  | \$59.0         | \$723.0             |
| Rural Electrification Administration:        |                |                     |
| Make Loans at Treasury Rates . . . . .       | 27.0           | 374.0               |
| Forest Service:                              |                |                     |
| Phase-out Below-Cost Timber Sales . . . . .  | 46.0           | 274.0               |
| New User Fees:                               |                |                     |
| Food Safety and Inspection Service . . . . . | 104.0          | 416.0               |
| Agricultural Marketing Service . . . . .     | 6.2            | 24.6                |
| Federal Grain Inspection Service . . . . .   | 6.9            | 28.3                |
| Agricultural Cooperative Service . . . . .   | 0.4            | 1.9                 |
| Reform Federal Crop Insurance Program . . .  | 105.0          | 551.0               |
| Reduce Lower Priority Earmarked Programs:    |                |                     |
| Agricultural Research Service Facility       |                |                     |
| Construction . . . . .                       | 1.0            | 24.0                |
| Cooperative State Research Service:          |                |                     |
| Facility Construction . . . . .              | 3.0            | 86.0                |
| Special Grants . . . . .                     | 4.0            | 96.0                |
| Extension Service Grants . . . . .           | 13.0           | 54.0                |
| Reduce Lower Priority Programs:              |                |                     |
| Economic Research Service . . . . .          | 7.0            | 55.3                |
| Foreign Agricultural Service . . . . .       | 5.0            | 35.0                |
| P.L. 480:                                    |                |                     |
| Reduce Title III Grants . . . . .            | 30.0           | 246.0               |
| Enterprise for the Americas                  |                |                     |
| Debt Reduction . . . . .                     | 6.0            | 79.0                |
| Total, Discretionary Savings . . . . .       | \$423.5        | \$3,068.1           |

NOTE: For the budget authority and outlays associated with these items see page 95.

The President's 1994 budget proposes a \$423.5 million discretionary savings from the baseline in 1994 and \$3.1 billion discretionary savings during the 1994-1997 period. Proposals include:

- \$59 million in 1994 and \$723 million for 1994-1997 will be saved by combining the three field service agencies into a single, more efficient Farm Service Agency (page 28).

## SAVINGS PROPOSALS

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- \$27 million in 1994 and \$374 million for 1994-1997 will be saved by reducing subsidies now provided to rural electrification borrowers. A highly subsidized fund will be maintained to meet the urgent needs of the most needy electric borrowers (page 43).
- \$46 million in 1994 and \$274 million for 1994-1997 will be saved by phasing-out below-cost timber sales on the national forests (page 55).
- \$104 million in 1994 and \$416 million for 1994-1997 will be saved by requiring the meat and poultry industry to pay for all of the cost of work provided by Federal inspectors in their plants beyond a single shift (page 63). An additional \$14 million in 1994 and \$55 million for 1994-1997 will be saved by charging user fees for services provided to specific groups in several programs in Agricultural Marketing Service (page 69), Federal Grain Inspection Service (page 71), and Agricultural Cooperative Service (page 71).
- Administrative expense savings of \$105 million in 1994 and \$551 million for 1994-1997 will be achieved by selectively phasing-in an area-yield insurance concept and phasing-out the individual type policy in the Federal Crop Insurance Program (page 44).
- \$21 million in 1994 and \$260 million for 1994-1997 will be saved through reductions in lower priority agricultural research and extension activities (pages 15, 19 and 23).
- \$7 million in 1994 and \$55.3 million for 1994-1997 will be saved by reducing lower priority programs of the Economic Research Service. The savings for the Economic Research Service will be achieved through a combination of improved program efficiencies, and consolidation of staff around issues and subject matters most essential to the Department's policymaking needs (page 73).
- \$5 million in 1994 and \$35 million for 1994-1997 will be saved by reducing the Foreign Agricultural Services' contribution to the foreign market development cooperator program. Under the proposal, financial support for the overseas expenses of participating organizations will be scaled back in established markets. Program resources will increasingly be focused on participant expansion into areas of the world where market development prospects for U.S. agricultural commodities and products are most promising (page 50).
- \$30 million in 1994 and \$246 million for 1994-1997 will be saved in the P.L. 480 Program by reducing Title III government-to-government grants. Additional savings will be achieved by maintaining the program at this same level through 1998 (page 48).
- \$6 million in 1994 and \$79 million for 1994-1997 will be saved by reducing the amount available to meet the cost of reducing and restructuring P.L. 480 Title I debt of countries in Latin America and the Caribbean under the Enterprise for the Americas Initiative (page 49).

## SAVINGS PROPOSALS

### ADMINISTRATIVE SAVINGS

Program Level  
(Dollars in Millions)

|                                  | 1994<br>Budget | 1994-97<br>Estimate |
|----------------------------------|----------------|---------------------|
| Administrative Savings . . . . . | \$72.3         | \$773.9             |

As part of a governmentwide effort to assist in controlling the Federal deficit and improving the administrative productivity of the Federal Government, each executive branch agency is required to reduce administrative expenses. For 1994, a three percent reduction from the 1993 base adjusted for inflation is proposed. Further reductions from the baseline are proposed for 1995 (six percent), 1996 (nine percent), and 1997 (fourteen percent).

These reductions were applied to both direct and reimbursable gross obligations for administrative expenses. These expenses are defined as expenditures for contractual services and supplies (object class 20 series) which include:

- Travel and transportation of persons (21.0);
- Transportation of things (22.0);
- Rental payments to others (23.2);
- Communications, utilities and miscellaneous charges (23.3);
- Printing and reproduction (24.0);
- Consulting and other services (25.1 and 25.2); and
- Supplies (26.0).

These reductions were not applied to funds in these object classes for items such as the purchase, storage, and transportation of commodities for the food assistance programs and the Commodity Credit Corporation activities or printing and shipment of food stamps. These are considered programmatic activities and were not subject to the administrative reduction.

## SAVINGS PROPOSALS

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### STAFF YEARS

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|                                   | 1993<br>Estimate | 1994<br>Budget | 1998<br>Estimate |
|-----------------------------------|------------------|----------------|------------------|
| Total, USDA Staff Years . . . . . | 112,145          | 110,849        | 104,642          |

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The personnel estimates for the Department reflect a reduction of 7,503 staff years between 1993 and 1998. This is a reduction of 6.7 percent and is USDA's contribution to the President's governmentwide reduction.

The major changes from 1993 to 1998 are as follows:

- The largest reductions are in the Farm Service Agency due to the consolidation of the Agricultural Stabilization and Conservation Service, the Farmers Home Administration, and the Soil Conservation Service into a single Farm Service Agency. Staff years for this new Agency would decline from 29,577 in 1993 to a level of 22,865 by 1998 (a 23 percent reduction). County office staff years of the Farm Service Agency will be reduced from 15,476 in 1993 to 11,394 by 1998 (a 26 percent reduction).
- The Economic Research Service staff years are reduced by 14 percent from 1993 (793 staff years) to 1998 (682 staff years) to reflect the Administration's proposal to more effectively target resources.
- Most other agencies of the Department are reduced by about 3 percent.
- An increase in staff years is provided for the Food Safety Inspection Service. This is to provide additional staffing for the meat and poultry inspection programs.

## RESEARCH AND EDUCATION

### AGRICULTURAL RESEARCH SERVICE (ARS)

Program Level  
(Dollars in Millions)

| Program                                   | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|-------------------------------------------|----------------|-----------------------------|----------------|
| Operations:                               |                |                             |                |
| Soil and Water Conservation . . . . .     | \$81.9         | \$82.4                      | \$83.5         |
| Plant Science . . . . .                   | 244.8          | 241.5                       | 244.7          |
| Animal Science . . . . .                  | 112.5          | 113.6                       | 115.1          |
| Commodity Conversion and Delivery . .     | 127.4          | 129.4                       | 137.1          |
| Investment (incl. above) . . . . .        |                |                             | (6.0)          |
| Human Nutrition . . . . .                 | 49.9           | 49.7                        | 50.1           |
| Integration of Agricultural Systems . . . | 26.0           | 25.8                        | 27.2           |
| Investment (incl. above) . . . . .        |                |                             | (1.0)          |
| Subtotal, Research Programs . . . . .     | 642.5          | 642.4                       | 657.7          |
| Repair and Maintenance . . . . .          | 17.4           | 17.4                        | 17.4           |
| Contingency Research Fund . . . . .       | 0.9            | 0.9                         | 0.9            |
| Trust Funds . . . . .                     | 9.8            | 7.6                         | 7.4            |
| Subtotal, ARS Operations . . . . .        | 670.6          | 668.3                       | 683.4          |
| Construction:                             |                |                             |                |
| Building and Facilities . . . . .         | 65.6           | 72.1                        | 24.6           |
| Stimulus (incl. above) . . . . .          |                | (37.6)                      |                |
| Total, ARS . . . . .                      | <u>\$736.2</u> | <u>\$740.4</u>              | <u>\$708.0</u> |

ARS conducts basic and applied research at Federal laboratories to solve problems encountered by agricultural producers and consumers of farm and ranch products. Broad areas of emphasis include efficient food and fiber production, groundwater and other natural resource concerns of agriculture, food safety, development of new products and uses for agricultural commodities and support of USDA regulatory and technical assistance programs. ARS is the lead Federal agency for human nutrition research and operates five major labs for this research. In total, ARS conducts research at 126 locations throughout the U.S. and abroad. Beltsville, Maryland is the site of the largest ARS center which is also the world's largest multi-disciplinary agricultural research facility.

A proposed increase of \$15.3 million is included in the budget for research at Federal labs operated by ARS. Increased funding will help offset the cost of annualizing the 1993 pay increase and will provide a \$7.0 million increase in research on advanced manufacturing technologies as part of a governmentwide investment. Funds for this initiative are proposed under commodity conversion and delivery and integration of

## RESEARCH AND EDUCATION

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agricultural systems research categories. Scientists will employ advanced research methods, including biotechnology and advanced computer software, to improve the processes for crop and animal production and converting agricultural commodities and wastes into high value products for industry and consumers.

Pursuit of research opportunities with sophisticated advanced methods requires the availability of modern laboratories with capabilities not envisioned when most ARS buildings were constructed. Included in the 1994 budget is \$24.6 million to continue a facility modernization program at five major ARS research locations.

Soil and Water Conservation. Development of a sound scientific basis to provide advanced technical assistance and education to producers to manage and conserve soil and water resources is an emphasis of this research program. Environmental concerns associated with farming and ranching continue to receive attention from the industry and the general public. ARS will continue a major program of water quality research in the midwest and other production areas in cooperation with university researchers. As part of the governmentwide program of research on global change, ARS will target additional resources to better understand potential effects on hydrologic systems at point, watershed and regional scales.

Plant Science. Ongoing research addresses a wide range of crop production issues, including pest and disease resistance, integrated pest management and biological control, maintenance and improvement of plant germplasm for increased production efficiency, and understanding basic plant development and function for long-term enhancements in crop production. Improved crop plant varieties offer significant benefits for the environment, producers and consumers of agricultural products through resistance to disease and pests, improved quality characteristics and greater production. ARS also provides leadership in managing the plant genome mapping program which is primarily funded through the National Research Initiative competitive grants program. The program is targeting economically important genes which plant breeders can incorporate into improved varieties. Availability of a diverse collection of germplasm resources is the foundation for crop variety improvements. ARS supports a nationwide system of genetic resource repositories for this purpose.

Animal Science. ARS operates a number of specialized research facilities to provide solutions to disease, nutrition, reproduction and other problems faced by producers of livestock and poultry. In conjunction with CSRS, funds are also devoted to animal genome mapping and germplasm issues to apply modern research tools to enhance animal productivity and competitiveness.

Commodity Conversion and Delivery. Research focuses on food safety and quality concerns, development of new food and industrial uses for agricultural commodities and elimination of barriers to the export of commodities. ARS also conducts research to address current issues such as the development of alternatives to methyl bromide for quarantine treatments. An increase of \$6.0 million is proposed for commodity conversion in 1994 as part of the governmentwide investment in advanced manufacturing technology

## RESEARCH AND EDUCATION

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development. ARS research will explore new technologies for the manufacture of biofuels, including ethanol and biodiesel substitutes, and improved processes to convert agricultural commodities into high value products. Improved manufacturing technology in this area will increase the utilization of bulk agricultural commodities, with benefits for farm income, rural development, the balance of trade and the environment. Work in this area is being closely coordinated with research programs of the Department of Energy and EPA activities.

Human Nutrition. ARS operates five centers dedicated to developing a better understanding of human nutrition needs of children, the elderly, pregnant and lactating women and healthy adults. Results of this work clarify the mechanisms of food components in reducing chronic disease risk and define nutrient interactions. ARS research is closely coordinated with nutrition programs in USDA and the Department of Health and Human Services. Research in this area will also support the implementation of new food labeling requirements.

Integration of Agricultural Systems. Research in this category includes projects to integrate the results of specific programs into production systems which are sustainable, environmentally-benign and profitable for farmers and ranchers. Results include the development of decision support systems for education and technical assistance programs to assist producers in making production decisions and managing natural resources. A \$1 million increase is proposed for 1994 as part of the governmentwide initiative in advanced manufacturing technologies. Recognizing agricultural production as a biological manufacturing system, research will be pursued to provide better decision support systems for farmers and ranchers. New systems will provide advanced technology for farmers to make production decisions which are profitable and environmentally sensitive.

Buildings and Facilities. Innovative research depends upon the availability of modern facilities to solve complex problems through the application of advanced research approaches. Many of the major facilities available to ARS researchers were constructed prior to 1960 and are functionally obsolete and in need of major modernization to correct health and safety code violations. A \$37.6 million increase is proposed for 1993 as part of the President's economic stimulus package. Funds will permit ARS to proceed with the construction of projects which have already been designed. Projects will correct a range of deficiencies at facilities nationwide, including the clean-up of hazardous wastes. A total of \$24.6 million is proposed in 1994 for facility improvements at five priority ARS locations. Funds for lower priority facility projects partially funded in previous years are not included in the budget.

- Albany, California (\$4.7 million) - phase six of an ongoing chemical wing modernization program.

## RESEARCH AND EDUCATION

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- Athens, Georgia (\$3.3 million) - construction of an addition to the biocontainment facility for poultry research.
- New Orleans, Louisiana (\$3.6 million) - phase six of an ongoing chemical wing modernization program.
- Beltsville, Maryland (\$10 million) - continued funding for modernization consistent with major facility study.
- Plum Island, New York (\$3 million) - continued modernization of foreign animal disease facility.

## RESEARCH AND EDUCATION

### COOPERATIVE STATE RESEARCH SERVICE (CSRS)

Program Level  
(Dollars in Millions)

| Program                                                       | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|---------------------------------------------------------------|----------------|-----------------------------|----------------|
| Hatch Act Formula . . . . .                                   | \$168.8        | \$168.8                     | \$173.5        |
| 1890 Colleges and Tuskegee Formula . .                        | 27.4           | 27.4                        | 28.2           |
| Cooperative Forestry Formula . . . . .                        | 18.5           | 18.5                        | 28.0           |
| Investment (incl. above) . . . . .                            |                |                             | (9.0)          |
| Animal Health and Disease Formula<br>(Section 1433) . . . . . | 5.6            | 5.6                         | 0.0            |
| National Research Initiative:                                 |                |                             |                |
| Natural Resources and Environment . .                         | 18.0           | 18.0                        | 26.0           |
| Plant Systems . . . . .                                       | 40.0           | 40.0                        | 45.2           |
| Animal Systems . . . . .                                      | 25.0           | 25.0                        | 30.0           |
| Nutrition, Food Quality and Health . . .                      | 6.5            | 6.5                         | 13.0           |
| Processes and New Products . . . . .                          | 4.0            | 4.0                         | 9.0            |
| Markets, Trade and Rural Development                          | 4.0            | 4.0                         | 7.0            |
| Investment (incl. above) . . . . .                            |                |                             | (30.0)         |
| Total, NRI . . . . .                                          | 97.5           | 97.5                        | 130.2          |
| Special Research Grants . . . . .                             | 73.1           | 73.4                        | 34.4           |
| Sustainable Agriculture . . . . .                             | 6.7            | 6.7                         | 6.9            |
| Aquaculture Centers . . . . .                                 | 4.0            | 4.0                         | 4.1            |
| Supplemental and Alternative Crops . . . .                    | 1.2            | 1.2                         | 3.0            |
| Critical Agricultural Materials Act . . . . .                 | 0.4            | 0.4                         | 0.0            |
| Rangeland Research Grants . . . . .                           | 0.5            | 0.5                         | 0.5            |
| State Agricultural Weather Information<br>System . . . . .    | 0.4            | 0.4                         | 0.0            |
| Federal Administration (direct approp.) .                     | 10.5           | 10.5                        | 2.1            |
| Higher Education . . . . .                                    | 7.8            | 7.8                         | 9.0            |
| 1890 Capacity Building Grants . . . . .                       | 10.3           | 10.3                        | 11.5           |
| Total, Programs . . . . .                                     | 432.7          | 433.0                       | 431.4          |
| Buildings and Facilities . . . . .                            | 74.8           | 52.1                        | 0.0            |
| Total, CSRS . . . . .                                         | \$507.5        | \$485.1                     | \$431.4        |

## RESEARCH AND EDUCATION

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Federally-funded agricultural research conducted in partnership with the State Agricultural Experiment Stations (SAES) is administered through the Cooperative State Research Service. CSRS also operates competitive grant programs to fund scientifically meritorious research at universities, Federal labs, private organizations and other institutions. Scientists and administrative personnel in CSRS work with the university system to coordinate planning and review programs and projects. CSRS staff participate in planning for governmentwide initiatives and coordinate programs with ARS, the Forest Service and other USDA agencies.

Hatch, 1890 Colleges and Cooperative Forestry Formulas. CSRS provides funds through formula distributions to the SAES through the Hatch Act, cooperative forestry and animal health and disease programs, and to other eligible institutions for forestry and animal health and disease programs. Evans-Allen formula funds support research at the 1890 Colleges and Tuskegee University, the historically black land-grant schools. These programs provide non-earmarked funding for research in food and agricultural sciences and forestry. On a nationwide basis, Hatch Act formula funds represent roughly 9 percent of the research funding at State Agricultural Experiment Stations and formula funds provide nearly 100 percent of the research funding at the 1890 Colleges and Tuskegee University. Increases are proposed to offset inflation. An additional investment of \$9 million is included for the Cooperative Forestry Program as the university component of a USDA initiative to enhance forestry research. Increased funding will broaden the Nation's available scientific base to develop sound policies for forest management and production, including regional ecosystem management.

National Research Initiative. A significant feature of the 1994 CSRS budget is an additional investment in the National Research Initiative (NRI). A wide range of environmental and health and nutrition concerns have added additional complexity to production management decisions faced by agricultural producers. At a national level, there is interest in providing energy security, improving nutritional status, enhancing international competitiveness and providing opportunities for rural residents. Revolutionary developments in the biological sciences have equipped scientists with powerful new tools to solve these traditional and emerging challenges. An increase of \$32.7 million is proposed for the NRI to fund the most highly meritorious research proposals in six categories: Natural Resources and Environment; Plant Systems; Animal Systems; Nutrition, Food Quality and Health; Processes and New Products; and Markets, Trade and Rural Development. Research to develop biomass fuels and new uses for agricultural products will be increased and work to map economically important crop plant genes will be continued at an estimated level of \$13 million in 1994. ARS will continue to have lead responsibility for management of the genome research program.

Special Research Grants. Special Research Grants fund research on designated problem areas at land-grant universities and other institutions. Research grants which target local issues or those which benefit limited specific business sectors are not included in the budget. Research previously funded through these earmarked grants could be funded by the beneficiaries or through the peer-reviewed NRI. Funds are proposed for nine national priority special grant programs.

## RESEARCH AND EDUCATION

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- Biomass Energy/Biofuels (\$1 million) - research to improve the production of agriculture-based fuels through better feedstocks and processing methods.
- Global Change (\$3 million) - funding for the development and operation of a ground-based UV-B monitoring network.
- Integrated Pest Management and Biological Control (\$7 million) - this grant supports the development of improved integrated pest management systems, including biological controls and provides funding to address emerging pest issues.
- Minor Use Animal Drugs (\$650,000) - funding to conduct research necessary to obtain FDA clearance of drugs to treat less common diseases and to assist production of less frequently produced (minor) species, including aquacultural species.
- National Biological Impact Assessment Program (\$300,000) - this program supports a database to monitor the impacts of biotechnology.
- Pesticide Clearance (\$10 million) - this grant supports research necessary to obtain EPA registration of pesticides for minor crops, including most fruits and vegetables and ornamental nursery crops.
- Pesticide Impact Assessment (\$3 million) - this program supports collection and analysis of data on pesticide use and benefits for use in EPA reregistration actions.
- Rural Development Centers (\$500,000) - funding to support research at regional rural development centers.
- Water Quality (\$9 million) - funding for water quality research at universities and other institutions as part of the overall USDA Research Plan for Water Quality.

Sustainable Agriculture. Environmental and profitability concerns have led many producers to examine alternative management systems which require the use of fewer purchased inputs. There is a need to conduct scientific research to develop and improve these management practices for adoption in a wide variety of climate, soil and crop settings. Funds are proposed to support a program in all regions of the country which involves farmers and other interested parties in determining program priorities and grant awards. Sustainable agriculture research is also conducted through the State Agricultural Experiment Stations and the Agricultural Research Service.

Aquaculture Centers. Aquaculture is the fastest growing sector of American agriculture and there are additional opportunities to meet growing demands for fisheries products through aquaculture. Five regional centers support a variety of projects in genetics, nutrition, health, processing and marketing to support the growth of this sector of agriculture which offers the potential to enhance the rural economy and lower the current trade deficit in fisheries products.

## RESEARCH AND EDUCATION

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Supplemental and Alternative Crops. Agriculture offers a potential source of raw materials for industrial uses which are now supplied through imported products. As part of a governmentwide initiative to develop advanced materials, research will be conducted to characterize vegetable oils and develop processes to convert these commodities into high value industrial inputs. Work will be conducted in cooperation with universities and private industry to assure commercial relevance.

Higher Education. Funds are proposed to continue successful ongoing programs which support graduate education and improve instructional capabilities in the food and agricultural sciences. Increased funding is proposed for the 1890 Capacity Building Grants Program which supports partnerships between historically black 1890 institutions and USDA agencies to improve the research and instruction programs at those schools. Funding is also proposed to initiate a Minority Scholars Program to encourage the development of minority talent in the agricultural and closely related sciences. Competitively awarded grants will be made to institutions which will recruit the undergraduate scholars. Grants will provide three years of support and the institution will provide financial support for the student's final year of instruction.

Federal Administration. Funds are provided to support costs of program administration. Set-asides from program funds also provide a portion of Federal administrative expenses. Funds earmarked within this line item for special projects are not included in the budget.

## RESEARCH AND EDUCATION

### EXTENSION SERVICE (ES)

Program Level  
(Dollars in Millions)

| Program                                                     | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|-------------------------------------------------------------|----------------|-----------------------------|----------------|
| Smith-Lever 3(b&c) Formula . . . . .                        | \$262.7        | \$262.7                     | \$270.0        |
| 1890 Colleges and Tuskegee University<br>Formula . . . . .  | 24.7           | 24.7                        | 27.8           |
| D.C. Extension . . . . .                                    | 1.0            | 1.0                         | 1.0            |
| Renewable Resources Extension . . . . .                     | 2.8            | 2.8                         | 3.8            |
| Investment (incl. above) . . . . .                          |                |                             | (1.0)          |
| <b>National Interest Programs:</b>                          |                |                             |                |
| Water Quality . . . . .                                     | 11.4           | 11.4                        | 11.4           |
| Youth at Risk . . . . .                                     | 10.0           | 10.0                        | 12.0           |
| Food Safety . . . . .                                       | 1.5            | 1.5                         | 2.0            |
| Low Income Nutrition (EFNEP) . . . . .                      | 60.5           | 60.5                        | 62.2           |
| Nutrition Education Initiative . . . . .                    | 0.0            | 3.5                         | 7.1            |
| Sustainable Agriculture . . . . .                           | 0.0            | 0.0                         | 3.0            |
| Pest Management . . . . .                                   | 8.2            | 8.2                         | 8.6            |
| Pesticide Impact Assessment . . . . .                       | 3.4            | 3.4                         | 3.4            |
| Farm Safety and Rural Health . . . . .                      | 2.5            | 2.7                         | 1.0            |
| New Uses . . . . .                                          | 0.0            | 0.0                         | 0.2            |
| Rural Development Centers . . . . .                         | 1.0            | 1.0                         | 1.0            |
| Agricultural Telecommunications . . . . .                   | 1.2            | 1.2                         | 1.2            |
| Rural Health and Safety Education . . . . .                 | 0.0            | 2.0                         | 2.0            |
| Socially Disadvantaged Farmers . . . . .                    | 0.0            | 1.0                         | a/             |
| <b>Other Earmarked Programs:</b>                            |                |                             |                |
| Rural Technology Grants . . . . .                           | 0.0            | 1.0                         | 0.0            |
| Urban Gardening . . . . .                                   | 3.6            | 3.6                         | 0.0            |
| Indian Reservation Agents . . . . .                         | 1.5            | 1.8                         | 0.0            |
| Disadvantaged Farmer Assistance<br>(Section 1440) . . . . . | 2.6            | 2.6                         | 0.0            |
| Federal Administration (direct approp.) . . . . .           | 11.3           | 10.4                        | 5.6            |
| 1890 Extension Facilities . . . . .                         | 9.5            | 8.0                         | 8.0            |
| <b>Total, ES . . . . .</b>                                  | <b>\$419.3</b> | <b>\$424.9</b>              | <b>\$431.3</b> |

a/ Funded at \$10 million in the Farm Service Agency.

## RESEARCH AND EDUCATION

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The Extension Service provides National leadership and coordination for the planning and support of education and technology transfer programs which are carried out in partnership with the States. Extension programs assist individuals and communities in identifying and solving farm, home and local problems through the application of information developed by USDA and the land-grant universities. Federal funds, which provide about one-third of Cooperative Extension funding nationwide, are distributed to the States by statutory formula and on a merit-basis.

Smith-Lever 3(b&c), 1890 Colleges and D.C. Extension Programs. These formula programs provide non-designated support for education and technology transfer programs conducted through the State Cooperative Extension Services. Programs delivered through the 1890 Colleges and Tuskegee University generally focus on small-scale and limited resource producers. Increased funding proposed for programs at the 1890's will enhance the capabilities of these institutions to address national concerns including adolescent pregnancy and health, drug abuse, nutrition and sustainability of small-scale and limited resource farmers.

Renewable Resources Extension. Extension provides grants on a formula basis to support the development and delivery of education programs to assist managers of forests, rangelands and other natural resources. Programs include education on improved timber management and harvesting, wildlife and fisheries management and development of outdoor recreation opportunities. An increase of \$1 million is proposed for 1994 as the Extension component of an initiative for forestry research. Through the Renewable Resources Extension program, new research results will be transferred to natural resource managers.

### National Interest Programs.

- Water Quality - extension provides education programs to encourage the voluntary adoption of environmentally benign farm management practices.
- Youth at Risk - competitively awarded grants support community-based programs which provide after school child care and educational opportunities to youth and families at risk. Local matching funds are required.
- Food Safety - funds support the development and delivery of educational programs for food producers and handlers to encourage adoption of safe practices.
- Expanded Food and Nutrition Education Program (EFNEP) - formula grants to States support nutrition education for low-income families.
- Nutrition Education - nutrition education to improve the dietary habits of WIC recipients.

## RESEARCH AND EDUCATION

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- Sustainable Agriculture - development of databases, decision support systems and training materials to encourage the adoption of sustainable production systems.
- Pest Management - education to encourage farmers and handlers of agricultural products to adopt integrated pest management techniques.
- Pesticide Impact Assessment - funding to support the collection and analysis of pesticide use and benefits data for EPA registration decisions.
- Farm Safety and Rural Health - education for farmers to reduce occupational injuries and training for rural emergency rescue personnel to better respond to farm accidents.
- New Uses - extension will develop technical guides and educational materials to foster the production of new crops such as rapeseed and kenaf in concert with other USDA activities to support the development of these new crops.
- Rural Development Centers - extension activities at these centers assist rural communities in meeting needs for leadership, infrastructure and business development.
- Agricultural Telecommunications - continued support for the development and delivery of programs on food and agriculture topics through the AG\*SAT system.
- Rural Health and Safety Education - continuation of a pilot program in Mississippi to develop training programs for rural health professionals.

Other Earmarked Programs. Funds for selected earmarked grant programs, including special grants funded through the Federal administration line item, are not included in the budget. Increased funds proposed for the formula programs could be used to continue these programs at the discretion of the States.

1890 Facilities Program. Grants for the construction and renovation of research, extension and teaching facilities at the historically black 1890 land-grant institutions are maintained at the 1993 level.

## RESEARCH AND EDUCATION

### NATIONAL AGRICULTURAL LIBRARY (NAL)

Program Level  
(Dollars in Millions)

| Program                                 | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|-----------------------------------------|----------------|-----------------------------|----------------|
| National Agricultural Library . . . . . | \$17.8         | \$17.8                      | \$18.0         |

The National Agricultural Library, located in Beltsville, Maryland, collects and develops information on agriculture and related sciences and provides information assistance to scientists, extension specialists, managers, farmers and the general public. NAL is working to develop a network with public and private institutions to coordinate the collection, preservation, indexing and cataloging of material pertaining to agricultural and related sciences. NAL produces AGRICOLA, a major bibliographic database which provides coverage of agriculture and related sciences. Several information centers, each focusing on a particular subject area, have been established at NAL to enhance the quality and quantity of information services. In addition to providing traditional library services, NAL is serving a wider audience by using modern electronic information dissemination technology to provide wider access to the world's agricultural literature. Increased funding proposed for 1994 will help offset higher costs of scientific and technical publications acquired by NAL.

## ALTERNATIVE AGRIC. RESEARCH AND COMMERCIALIZATION

### ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION (AARC)

Program Level  
(Dollars in Millions)

| Program                                                              | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|----------------------------------------------------------------------|----------------|-----------------------------|----------------|
| Alternative Agricultural Research and<br>Commercialization . . . . . | \$4.5          | \$7.2                       | \$20.0         |

American agriculture has traditionally been a highly efficient and reliable supplier of bulk commodities in world markets. As foreign competition for these markets increases, there are growing opportunities to supply new, value-added products to meet consumer and industrial needs. Agriculture and forestry based products can address environmental concerns, reduce the use of nonrenewable and imported raw materials, improve the U.S. balance of trade, reduce farm program costs and enhance rural development opportunities. Advanced research techniques including biotechnologies and process engineering provide scientists with powerful tools to capitalize on unique properties of plant and animal commodities to develop novel products for domestic and foreign markets.

While research has led to a number of new process and product technologies, there is a gap between the completion of research and the actual commercialization of the technology. Through a variety of means, AARC provides assistance in partnership with the private sector to encourage the commercialization of new nonfood, nonfeed products based on agricultural and forestry commodities. Increased funding proposed for 1994 will provide for additional commercialization support in partnership with the private sector. AARC programs are conducted through the AARC Center under the general supervision of a Board which includes significant private sector participation.

## FARM SERVICE AGENCY

### FARM SERVICE AGENCY (FSA)

Program Level  
(Dollars in Millions)

| Program                                | 1992<br>Actual  | 1993<br>Current<br>Estimate | 1994<br>Budget  |
|----------------------------------------|-----------------|-----------------------------|-----------------|
| FSA Financial Assistance . . . . .     | \$2,069         | \$2,262                     | \$2,559         |
| Farm Programs . . . . .                | 2,314           | 3,434                       | 5,712           |
| Rural Housing Programs . . . . .       | 2,632           | 3,092                       | 3,911           |
| Commodity Credit Corporation . . . . . | 16,487          | 22,842                      | 19,098          |
| Administrative Expenses . . . . .      | 2,231           | 2,280                       | 2,278           |
| Total, FSA . . . . .                   | <u>\$25,733</u> | <u>\$33,910</u>             | <u>\$33,558</u> |

The 1994 budget includes a new Farm Service Agency (FSA) created from the USDA programs and staffs serving farmers through county offices. For budget presentation purposes, the agencies that would be consolidated include the Agricultural Stabilization and Conservation Service (ASCS), the Soil Conservation Service (SCS), and the Farmers Home Administration (FmHA). However, planning for the FSA is currently underway and may ultimately change this structure. The ASCS responsibilities for the commodity price and income support programs funded by the Commodity Credit Corporation (CCC) would be administered by the FSA. The proposed FSA would have a consolidated and streamlined field structure resulting in improved service to farmers and savings to the taxpayer.

The FSA will administer farm and housing programs, as well as a variety of commodity and land-use programs aimed at supporting farm prices, adjusting farm production, conserving natural resources, and protecting the environment at the local level. FSA will provide technical assistance through soil conservation districts to land users, communities, watershed groups, Federal and State agencies, and other cooperators with erosion control and water management problems.

FSA Administrative Expenses. The FSA's administrative expenses account is the consolidated funding source for all management related activities concerning FSA and CCC programs. The administrative expenses for the FSA include costs previously funded through CCC, through conservation accounts and through the FmHA farm and housing programs, as well as funds appropriated to FmHA for administrative expenses. The 1994 budget proposes an appropriation of \$2.3 billion estimated to support 28,181 Federal staff years and 13,988 county staff years (non-Federal) needed to carry out all FSA programs, including the commodity price and income support programs. The 1994 budget reflects a savings of \$61 million in 1994 and \$735 million through 1997 due to the consolidation of three agencies into one.

# FARM SERVICE AGENCY

## FSA FINANCIAL ASSISTANCE

| Program Level<br>(Dollars in Millions)    |                |                             |                |  |
|-------------------------------------------|----------------|-----------------------------|----------------|--|
| Program                                   | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |  |
| Environmental Conservation Acreage        |                |                             |                |  |
| Reserve Program:                          |                |                             |                |  |
| Conservation Reserve Program . . .        | \$1,652        | \$1,775                     | \$1,827        |  |
| Wetlands Reserve Program . . . . .        | 40             | 0                           | 370            |  |
| Agricultural Conservation Program . . . . | 184            | 183                         | 150            |  |
| Colorado River Basin Salinity             |                |                             |                |  |
| Control Program . . . . .                 | 9              | 8                           | 9              |  |
| Water Bank Program . . . . .              | 17             | 17                          | 17             |  |
| Emergency Conservation Program . . . .    | 22             | 12                          | 3              |  |
| 1992 Dire Supplemental (incl. above)      |                | (10)                        |                |  |
| Dairy Indemnity Program . . . . .         | <u>a/</u>      | <u>a/</u>                   | <u>a/</u>      |  |
| Forestry Incentives Program . . . . .     | 11             | 11                          | 11             |  |
| Watershed and Flood                       |                |                             |                |  |
| Prevention Operations . . . . .           | 114            | 232                         | 150            |  |
| 1992 Dire Supplemental (incl. above)      |                | (12)                        |                |  |
| Stimulus (incl. above) . . . . .          |                | (47)                        |                |  |
| Great Plains Conservation Program . . . . | 18             | 17                          | 16             |  |
| Resource Conservation and Development     | 2              | 7                           | 6              |  |
| Total, FSA Financial Assistance . . . . . | <u>\$2,069</u> | <u>\$2,262</u>              | <u>\$2,559</u> |  |

a/ Less than \$0.05 million.

Conservation Reserve Program (CRP). The CRP offers producers rental payments, usually for a 10-year period, to remove highly erodible cropland and other environmentally sensitive land from production. Participants also receive cost share help to establish required ground cover. In the twelve CRP signups held so far, about 36.5 million acres have been enrolled in the program. The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 1993 prohibits new signups in 1993. The 1990 FACT Act requires that at least 39 million acres be enrolled in the program by the end of 1995, including a one million acre minimum enrollment in both calendar years 1994 and 1995. To meet this goal, the budget assumes a one million acre signup in 1994 with the remaining 1.5 million acres being enrolled in 1995. The \$1.8 billion requested in 1994 along with \$71 million in carryover funds would be used to fund rental and cover costs associated with previous year CRP signups.

## FARM SERVICE AGENCY

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Wetlands Reserve Program (WRP). The WRP was authorized by the 1990 FACT Act and allows individuals to enroll farmed wetlands or converted wetlands in exchange for a long-term or permanent easement. Participants must also implement a wetlands conservation plan for which they receive financial and technical assistance from the Department. The program was initiated in 1992 as a pilot effort in eight States with the goal of enrolling 50,000 acres. The Congress did not provide funding for the program in 1993. The 1994 budget supports the 1990 FACT Act target of enrolling 1 million acres into the WRP by the end of 1995 and includes \$370.3 million for the full cost of enrolling 450,000 acres in a nationwide program. The remaining 500,000 acres would be enrolled in 1995.

Agricultural Conservation Program (ACP). Through the ACP, the Department provides cost sharing to landowners to restore and protect agricultural land and water resources. Funding for ACP in 1994 is proposed at \$150 million which reflects a reduction of about \$33 million below the 1993 level. This will enable conservation practices to be installed on approximately 6.7 million acres. These payments are being made under ACP to continue the program modeled after the water quality incentives program authorized by the 1990 FACT Act. Producers in designated areas receive incentive payments over a 3 to 5 year period to implement comprehensive water quality protection plans.

Colorado River Basin Salinity Control Program. This program provides cost share assistance to landowners and others in the Colorado River Basin to enhance the quality and supply of water in the Colorado River. It also supports the U.S. commitment to the 1973 International Boundary and Water Commission Agreement concerning the quality of water delivered downstream to users in the U.S. and Mexico. The budget proposes a 1994 program level of about \$9 million, an increase of about \$300 thousand above 1993, to be used primarily in on-going projects located in Colorado, Nevada and Wyoming.

Water Bank Program. Through this program, landowners enter into 10-year agreements to protect natural wetlands and adjacent lands in exchange for annual payments. During the period of the agreement, the landowner agrees not to drain, burn, fill or otherwise destroy the wetland character of such areas. The budget proposes to maintain funding at the 1993 level of about \$17 million.

Emergency Conservation Program. This program provides cost sharing for the rehabilitation of farmland damaged by natural disasters. The budget proposes a funding level of about \$3 million in 1994.

Dairy Indemnity Program (DIP). The DIP provides payments to farmers and manufacturers of dairy products who are directed to remove their milk or milk products from commercial markets because they contain chemical residues, nuclear radiation or fallout, or other toxic substances. Payments may also be made for cows producing such milk. The budget proposes to maintain the 1993 program level of \$5 thousand.

## FARM SERVICE AGENCY

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Forestry Incentives Program. The 1994 budget proposes an increase of \$300 thousand above 1993, which will provide cost sharing for tree planting on more than 156 thousand acres and for timberstand improvement on more than 32 thousand acres. More than 106 million trees will be planted.

Watershed and Flood Prevention Operations. The budget includes \$150 million in watershed construction to continue work already underway at the beginning of 1994. This is about \$5 million more than the 1993 appropriation but \$82 million less than the 1993 current estimate including carryover balances from 1992. FSA will continue to emphasize non-structural land treatment measures, as well as other programmatic activities that: 1) minimize the number of active construction projects, and 2) lower the Federal cost-share portion of planning and operations. For emergency watershed protection operations, funding will enable completion of contracts signed in prior years, as well as provide an immediate response capability to life-threatening watershed emergencies that arise during 1993.

Great Plains Conservation Program. The objective of the Great Plains Conservation Program is to bring about a long-term solution to problems resulting from drought and the cultivation of land unsuited for sustained crop production in the ten Great Plains States. FSA will participate in cost sharing of permanent conservation practices under long-term contracts with farmers and ranchers in designated counties in the Great Plains. Through cost-sharing and technical assistance, FSA helps make needed land use adjustments and install conservation measures specified in basic conservation plans in accordance with contract schedules. The budget proposes continued funding at about the 1993 level of \$16.3 million for cost-sharing.

Resource Conservation and Development (RC&D). The purpose of the RC&D program is to encourage and improve the capability of State and local units of government and local nonprofit organizations in rural areas to plan, develop and carry out programs for resource conservation and development. The program also establishes or improves the coordination systems used in rural communities to more effectively utilize available Federal, State, and local programs. The 1994 budget contains adequate funding to support area coordinators for all 246 approved RC&D areas.

# FARM SERVICE AGENCY

## FARM LOAN PROGRAMS

Program Level (P.L.) and Budget Authority (B.A.)  
(Dollars in Millions)

| Program                               | 1992<br>Actual |              | 1993<br>Cur. Est. |              | 1994<br>Budget |              |
|---------------------------------------|----------------|--------------|-------------------|--------------|----------------|--------------|
|                                       | P.L.           | B.A.         | P.L.              | B.A.         | P.L.           | B.A.         |
| Farm Operating Loans:                 |                |              |                   |              |                |              |
| Guaranteed Unsubsidized . . . . .     | \$957          | \$11         | \$1,473           | \$18         | \$3,551        | \$19         |
| Guaranteed Subsidized . . . . .       | 151            | 13           | 235               | 16           | 426            | 50           |
| Direct . . . . .                      | 571            | 87           | 825               | 111          | 796            | 93           |
| Farm Ownership:                       |                |              |                   |              |                |              |
| Guaranteed Unsubsidized . . . . .     | 452            | 22           | 454               | 21           | 564            | 21           |
| Guaranteed Subsidized . . . . .       | <u>a/</u>      | <u>a/</u>    | 0                 | 0            | 0              | 0            |
| Direct . . . . .                      | 68             | 14           | 67                | 13           | 79             | 13           |
| Soil and Water:                       |                |              |                   |              |                |              |
| Guaranteed . . . . .                  | <u>a/</u>      | <u>a/</u>    | 2                 | 0            | 2              | 0            |
| Direct . . . . .                      | 2              | 0            | 2                 | <u>a/</u>    | 3              | 1            |
| Emergency . . . . .                   | 75             | 15           | 277               | 71           | 121            | 32           |
| 1992 Dire Supplemental (incl. above)  |                |              | (162)             | (42)         |                |              |
| Indian Land Acquisition . . . . .     | 1              | <u>a/</u>    | 1                 | <u>a/</u>    | 1              | <u>a/</u>    |
| Credit Sales of Acquired Property . . | 26             | 8            | 88                | 22           | 149            | 23           |
| Subtotal, Farm Loans . . . . .        | 2,303          | 170          | 3,424             | 272          | 5,692          | 252          |
| Farms For the Future, Guaranteed      |                |              |                   |              |                |              |
| Loans . . . . .                       | 10             | 3            | 7                 | 3            | 7              | 4            |
| State Mediation Grants . . . . .      | 1              | 1            | 3                 | 3            | 3              | 3            |
| Grants for Outreach and Technical     |                |              |                   |              |                |              |
| Assist. for Socially Disadvantaged    |                |              |                   |              |                |              |
| Farmers . . . . .                     | 0              | 0            | b/                | b/           | 10             | 10           |
| Total, Farm Loan Programs . . . .     | <u>\$2,314</u> | <u>\$174</u> | <u>\$3,434</u>    | <u>\$278</u> | <u>\$5,712</u> | <u>\$269</u> |

a/ Less than \$0.5 million.

b/ Funded at \$1.0 million in the Extension Service.

## FARM SERVICE AGENCY

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The 1994 budget continues the policy of shifting farm lending from direct to guaranteed loans. In keeping with the 1990 OBRA, direct operating loans will be reduced and replaced with subsidized guaranteed loans. Guaranteed loans have exceeded direct loans since 1987.

The Department will continue the policy of targeting loans to young and beginning family sized farmers. A stronger emphasis on guaranteed loans, combined with interest assistance for a portion of the loans, stimulates increased lending in rural areas. This not only provides increased lending opportunities for rural banks, it also relieves government personnel from a portion of the loan making and loan servicing responsibilities, freeing them to work on other program initiatives.

The budget requests \$4.8 billion in operating credit; \$3.6 billion of which is for unsubsidized guaranteed loans, \$426 million is for subsidized guaranteed loans and \$796 million is requested for direct loans. For ownership loans the budget requests \$564 million in unsubsidized guaranteed loans and \$79 million for direct loans.

The budget also requests \$10 million in grant funds to fund the program for outreach and technical assistance to socially disadvantaged farmers enacted in the 1990 FACT Act. These funds will be used for education and training programs regarding the use of credit, farm management, and alternative crop production for small farmers.

# FARM SERVICE AGENCY

## RURAL HOUSING PROGRAMS

Program Level (P.L.) and Budget Authority (B.A.)  
(Dollars in Millions)

| Program                                        | 1992        |           | 1993        |             | 1994        |             |
|------------------------------------------------|-------------|-----------|-------------|-------------|-------------|-------------|
|                                                | Actual      |           | Cur. Est.   |             | Budget      |             |
|                                                | P.L.        | B.A.      | P.L.        | B.A.        | P.L.        | B.A.        |
| <b>Rural Housing Loans:</b>                    |             |           |             |             |             |             |
| Single-Family                                  |             |           |             |             |             |             |
| Direct . . . . .                               | \$1,254     | \$284     | \$1,295     | \$271       | \$1,874     | \$375       |
| Investment (incl. above) . . . . .             |             |           |             |             | (300)       | (60)        |
| Unsubsidized Guarantees . . . . .              | 214         | 2         | 565         | 10          | 682         | 11          |
| Stimulus/Investment (incl. above) . . . . .    |             |           | (235)       | (4)         | (300)       | (5)         |
| Rural Rental Housing . . . . .                 | 574         | 248       | 574         | 303         | 547         | 314         |
| Very Low-Income Repair . . . . .               | 11          | 5         | 29          | 12          | 42          | 17          |
| 1992 Dire Supplemental (incl. above) . . . . . |             |           | (16)        | (6)         |             |             |
| Stimulus/Investment (incl. above) . . . . .    |             |           | (3)         | (1)         | (30)        | (12)        |
| Farm Labor Housing . . . . .                   | 16          | 9         | 16          | 8           | 16          | 8           |
| Self-Help Housing . . . . .                    | 1           | 0         | 1           | 0           | 1           | 0           |
| Housing Site Development . . . . .             | a/          | 0         | 1           | 0           | 1           | 0           |
| Credit Sales . . . . .                         | 184         | 27        | 185         | 25          | 169         | 26          |
| Total, Housing Loans . . . . .                 | 2,254       | 575       | 2,666       | 629         | 3,332       | 751         |
| <b>Housing Grants and Payments:</b>            |             |           |             |             |             |             |
| Very Low-Income Repair . . . . .               | 13          | 13        | 28          | 28          | 31          | 31          |
| 1992 Dire Supplemental (incl. above) . . . . . |             |           | (10)        | (10)        |             |             |
| Stimulus/Investment (incl. above) . . . . .    |             |           | (6)         | (6)         | (18)        | (18)        |
| Farm Labor Housing . . . . .                   | 14          | 14        | 21          | 21          | 11          | 11          |
| 1992 Dire Supplemental (incl. above) . . . . . |             |           | (10)        | (10)        |             |             |
| Mutual & Self-Help . . . . .                   | 8           | 8         | 13          | 13          | 13          | 13          |
| Supervisory & Technical Asst. . . . .          | 0           | 0         | 2           | 2           | 3           | 3           |
| Compensation for Const. Defects . . . . .      | a/          | a/        | 1           | 1           | 1           | 1           |
| Rural Housing Preservation . . . . .           | 23          | 23        | 23          | 23          | 23          | 23          |
| Rural Housing Vouchers . . . . .               | 0           | 0         | 0           | 0           | 75          | 75          |
| Investment (incl. above) . . . . .             |             |           |             |             | (75)        | (75)        |
| Rental Assistance Payments . . . . .           | 320         | 320       | 338         | 338         | 422         | 422         |
| Investment (incl. above) . . . . .             |             |           |             |             | (75)        | (75)        |
| Total, Housing Grants . . . . .                | 378         | 378       | 426         | 426         | 579         | 579         |
| <br>Total, Rural Housing Programs . . . . .    | <br>\$2,632 | <br>\$953 | <br>\$3,092 | <br>\$1,055 | <br>\$3,911 | <br>\$1,330 |

a/ Less than \$0.5 million.

## **FARM SERVICE AGENCY**

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FSA will administer a broad mix of rural housing programs, including deeply subsidized direct loans for single-family and multi-family housing, unsubsidized guarantees for single-family housing, and rental assistance payments for tenants of the multi-family housing units. The interest rates on single-family and multi-family direct loans can be subsidized to as low as one percent with an average interest rate of about 4 percent being paid.

The 1994 budget will provide assistance for about 108,000 units, compared to about 85,000 in 1993. The 1994 budget provides for an expansion of the unsubsidized guarantee program which was initiated three years ago. This program is experiencing increased demand as private lenders are gaining more experience with it and secondary market problems have been resolved. Unsubsidized guaranteed loans are available for moderate income families who can afford commercial interest rates, and require the applicant to obtain commercial credit.

Single-family direct loans will be funded at \$1.9 billion, an increase of about \$600 million; unsubsidized loan guarantees will be funded at \$682 million, an increase of about \$350 million above the 1993 appropriated level; rental assistance payments will be increased from \$338 million to \$422 million to cover the cost of expiring contracts. The budget also proposes \$75 million to fund a rural housing voucher program which was authorized in the 1992 Amendments to the Housing Act. Vouchers will provide a new form of assistance to be used in those areas of the country which have an adequate supply of rental housing. The rural rental housing program will be funded at \$547 million, a reduction of \$27 million.

### **COMMODITY CREDIT CORPORATION (CCC)**

Domestic farm commodity price and income support programs will be administered by the Farm Service Agency and financed through the Commodity Credit Corporation (CCC). The CCC borrows funds from the U.S. Treasury and repays these borrowings, with interest, from receipts and from appropriations provided by Congress. The CCC outstanding borrowings from Treasury may not exceed \$30 billion. Outlays for any fiscal year generally relate to the previous crop year; i.e., fiscal year 1993 outlays relate to the 1992 crop, and fiscal year 1994 outlays primarily relate to the 1993 crop.

CCC net outlays are difficult to predict accurately since they are heavily influenced by weather, changes in foreign markets, and other uncertain events affecting commodity prices during the nearly two-year period between preparation of the initial budget estimate and compilation of actual outlays at the end of the fiscal year.

Amendments to existing statutes which were made by the 1990 FACT Act and the 1990 OBRA continue to have significant impacts on both farm policy and on budget outlays for the CCC. Farm policy changes come primarily from provisions of the 1990 FACT Act, while budget savings mechanisms are found principally in the OBRA.

## FARM SERVICE AGENCY

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Supplemental appropriations providing disaster assistance to producers have also significantly affected CCC budget outlays. The first supplemental, enacted in November, 1991, authorized a total of \$995 million for crop losses in either 1990 or 1991. Because claims exceeded funding, a factor of 50 percent was used to prorate payments. Payments under this first phase of the program were largely completed in 1992.

The first supplemental also authorized \$755 million for crop losses in any one of the three years 1990, 1991, or 1992 for which the producer had not already requested assistance. The second supplemental, enacted following hurricane losses late in the summer of 1992, added \$382 million to the \$755 million made available in the earlier legislation, making \$1,137 million in total available for disaster payments in 1993.

CCC Program Costs. CCC net outlays for price support and related activities for fiscal year 1992 totaled \$9.7 billion. Outlays for fiscal year 1993 are estimated to increase to \$17.0 billion, reflecting record yields in 1992 for corn and other crops. Higher costs for the cotton program, for export programs, and for advance deficiency payments also contribute to the increase in estimated outlays. Under current legislation, outlays for fiscal year 1994 are projected to decline to \$12.0 billion, reflecting a return to more normal weather and yields for the 1993 crop.

The Administration is proposing reductions in CCC spending starting in fiscal year 1994. Savings from targeting farm program benefits to producers with off-farm incomes less than \$100,000, termination of the honey program, tightening payment limits for wool and mohair producers, and reductions in the Market Promotion Program are estimated to total about \$149 million in fiscal year 1994.

Aside from the targeting proposal described above, proposed reductions in the major farm commodity programs would not take effect until the 1996 crop year. The delay will provide incentives for significant progress in ongoing trade negotiations. The proposals, consistent with trade liberalization objectives, will provide producers further incentive to respond more directly to markets, rather than to CCC rules for farm programs.

The changes proposed to begin with the 1996 crop include a reduction in payment acreage (triple base), termination of income support payments on idled acres (0/50/92), and an increase in the assessments and fees levied on "non-program" commodities (dairy, oilseeds, tobacco, sugar, peanut, wool and mohair). These three proposals are estimated to save about \$1.8 billion in 1997.

Including changes proposed to begin in 1994, savings proposed for the price and income support programs would total over \$2.0 billion in 1997. Savings from baseline expenditures over the four fiscal years 1994 through 1997 would total almost \$3.5 billion. Over the five fiscal years 1994 through 1998, savings from the baseline would total almost \$5.5 billion.

## FARM SERVICE AGENCY

### CCC Net Program Outlays by Commodity (Dollars in Millions)

| Commodity                          | FY 1992        | FY 1993         | FY 1994         |
|------------------------------------|----------------|-----------------|-----------------|
| Feed Grains . . . . .              | \$2,510        | \$5,883         | \$3,573         |
| Wheat . . . . .                    | 1,719          | 2,274           | 1,847           |
| Rice . . . . .                     | 715            | 889             | 741             |
| Upland Cotton . . . . .            | 1,443          | 2,436           | 2,317           |
| Tobacco . . . . .                  | 29             | -2              | -13             |
| Dairy . . . . .                    | 232            | 125             | 230             |
| Soybeans . . . . .                 | -29            | 41              | -40             |
| Honey . . . . .                    | 17             | 17              | 12              |
| Wool and Mohair . . . . .          | 191            | 183             | 191             |
| Crop Disaster Assistance . . . . . | 960            | 1,137           | 0               |
| Other <u>a/</u> . . . . .          | 1,885          | 4,050           | 3,279           |
| Total, Baseline . . . . .          | 9,672          | 17,033          | 12,137          |
| Budget Proposals . . . . .         | 0              | 0               | -149            |
| Total, Request . . . . .           | <u>\$9,672</u> | <u>\$17,033</u> | <u>\$11,988</u> |

a/ Includes minor oilseeds, rye, vegetable oil products, ELS cotton, sugar and peanuts. Also includes changes in working capital, net interest expense, export programs, and processing, storage, and transport costs.

# FARM SERVICE AGENCY

## CCC Program and Outlay Levels (Dollars in Millions)

| Program                                              | Program Levels  |                 | Net Outlays     |                 |
|------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                                      | FY 1993         | FY 1994         | FY 1993         | FY 1994         |
| Domestic Programs:                                   |                 |                 |                 |                 |
| Price Support Loans . . . . .                        | \$9,726         | \$8,769         | \$2,183         | \$785           |
| Direct Payments . . . . .                            | 9,403           | 7,622           | 9,403           | 7,622           |
| Purchases and Sales . . . . .                        | 1,272           | 1,324           | 335             | 298             |
| Producer Storage Payments . . . . .                  | 19              | 67              | 19              | 67              |
| Processing, Storage,<br>and Transportation . . . . . | 135             | 126             | 135             | 128             |
| Operating Expenses . . . . .                         | 7               | 6               | 7               | 6               |
| Interest Expenditure . . . . .                       | 379             | 392             | 195             | 164             |
| Disaster Assistance <u>a/</u> . . . . .              | 1,226           | 0               | 1,226           | 0               |
| All Other <u>b/</u> . . . . .                        | 675             | 792             | 469             | 1,125           |
| Subtotal, Domestic Programs . . . .                  | 22,842          | 19,098          | 13,972          | 10,195          |
| Export Programs <u>c/</u> . . . . .                  | 7,134           | 6,921           | 3,061           | 1,793           |
| Total, CCC <u>d/</u> . . . . .                       | <u>\$29,976</u> | <u>\$26,019</u> | <u>\$17,033</u> | <u>\$11,988</u> |

a/ Includes \$1.137 billion in disaster payments for the 1990, 1991, and 1992 crops, as well as assistance for livestock producers.

b/ Includes minor commodity program costs, ocean transportation of export donations and change in working capital.

c/ FY 94 Market Promotion Program includes proposed legislation savings.

d/ Total CCC net outlays for FY 94 include impact of proposed legislation savings of \$149 million.

# SMALL COMMUNITY AND RURAL DEVELOPMENT

## RURAL DEVELOPMENT ADMINISTRATION (RDA)

Program Level (P.L.) and Budget Authority (B.A.)  
(Dollars in Millions)

| Program                                | 1992<br>Actual |       | 1993<br>Cur. Est. |       | 1994<br>Budget |       |
|----------------------------------------|----------------|-------|-------------------|-------|----------------|-------|
|                                        | P.L.           | B.A.  | P.L.              | B.A.  | P.L.           | B.A.  |
| Water and Waste Disposal Loans:        |                |       |                   |       |                |       |
| Direct . . . . .                       | \$600          | \$85  | \$1,103           | \$157 | \$876          | \$121 |
| 1992 Dire Supplemental (incl. above)   |                |       | (35)              | (5)   |                |       |
| Stimulus/Investment (incl. above)      |                |       | (468)             | (67)  | (230)          | (32)  |
| Guaranteed . . . . .                   | 5              | 0     | 35                | 0     | 36             | 0     |
| Community Facility Loans:              |                |       |                   |       |                |       |
| Direct . . . . .                       | 100            | 10    | 94                | 9     | 389            | 38    |
| Investment (incl. above) . . . . .     |                |       |                   |       | (300)          | (29)  |
| Guaranteed . . . . .                   | 25             | 0     | 100               | 0     | 75             | 4     |
| Investment (incl. above) . . . . .     |                |       |                   |       | (75)           | (4)   |
| Business and Industry Guaranteed . .   | 100            | 6     | 405               | 22    | 300            | 3     |
| 1992 Dire Supplemental (incl. above)   |                |       | (305)             | (16)  |                |       |
| Investment (incl. above) . . . . .     |                |       |                   |       | (200)          | (2)   |
| Intermediary Relending Program . . .   | 32             | 16    | 47                | 27    | 175            | 98    |
| 1992 Dire Supplemental (incl. above)   |                |       | (14)              | (8)   |                |       |
| Investment (incl. above) . . . . .     |                |       |                   |       | (140)          | (79)  |
| Subtotal, Loans . . . . .              | 862            | 117   | 1,784             | 215   | 1,851          | 264   |
| Alcohol Fuel Credit Guarantees . . . . | 0              | 0     | 9 a/              | 4     | 10 a/          | 5     |
| Watershed and Flood Prevention . . .   | 1              | 0     | 4                 | 0     | 4              | 0     |
| Resource Conser. and Development       | 0              | 0     | 1                 | 0     | 1              | 0     |
| Grants:                                |                |       |                   |       |                |       |
| Water and Waste Disposal . . . . .     | 354            | 354   | 698               | 698   | 541            | 541   |
| 1992 Dire Supplemental (incl. above)   |                |       | (26)              | (26)  |                |       |
| Stimulus/Investment (incl. above)      |                |       | (282)             | (282) | (140)          | (140) |
| Rural Development . . . . .            | 21             | 21    | 21                | 21    | 51             | 51    |
| Investment (incl. above) . . . . .     |                |       |                   |       | (30)           | (30)  |
| Rural Community Fire Protection . .    | 3              | 3     | 3                 | 3     | 4              | 4     |
| Solid Waste Management . . . . .       | 3              | 3     | 3                 | 3     | 3              | 3     |
| Emergency Community Water Asst.        | 10             | 10    | 25                | 25    | 10             | 10    |
| 1992 Dire Supplemental (incl. above)   |                |       | (15)              | (15)  |                |       |
| Subtotal, Grants . . . . .             | 391            | 391   | 750               | 750   | 609            | 609   |
| Total, RDA Programs . . . . .          | \$1,254        | \$508 | \$2,548           | \$969 | \$2,475        | \$878 |
| Administrative Expenses . . . . .      | \$20           | \$20  | \$38              | \$38  | \$39           | \$39  |

a/ \$18.7 million in loans were appropriated in 1993 and are available until expended. All of these loans are not expected to be used; therefore, \$9.7 million of the \$18.7 million is estimated to be used in 1994.

## SMALL COMMUNITY AND RURAL DEVELOPMENT

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The 1994 budget includes a rural development initiative to increase employment opportunities and improve the quality of life for all rural residents. This initiative provides substantial increases in funding for loans, grants and technical assistance to rural communities and businesses. It will produce jobs for new construction and lay the foundation for further economic growth. It will make it possible for rural communities to obtain the water and waste disposal systems necessary to meet the requirements of the Clean Water Act and other health and safety standards. Assistance to rural businesses will be directed, wherever possible, to small scale, new and emerging enterprises. Funding will be available for start-up capital and expansions that will create jobs and help diversify the economies of rural areas.

The community and business programs included in the initiative are administered by the Rural Development Administration (RDA). This agency was created by the FACT Act of 1990. The Farmers Home Administration, which formerly administered these programs, continues to provide field office and administrative support to RDA until the new agency is fully established.

The water and waste disposal loan and grant program provides assistance to communities with populations of less than 10,000 that have been denied credit through normal commercial channels. For the direct loan program, a three-tier interest rate structure is used. Poverty income communities pay interest at 5 percent. Communities with median family incomes above the State's nonmetropolitan median household income pay the market rate which is based on the current market for industrial development bonds. Communities with median household incomes between the poverty income and the median family income pay the intermediate rate which is the mid-point between the two. The current rates are 5.0 percent, 5.625 percent, and 6.25 percent. The rates are changed quarterly based on current indices.

Water and waste disposal grants are used in conjunction with the loan program to reduce the per household cost of repaying the loans to a level that is comparable to other rates in the area. Only communities with poverty and intermediate rate incomes qualify for grants.

Small communities and rural areas rank the highest in terms of noncompliance with Federal Drinking Water Standards and Federal environmental standards. The Environmental Protection Agency Needs Survey, conducted every two years estimates a total cost of about \$42 billion is necessary to bring rural communities into compliance with existing wastewater treatment standards. RDA is the only Federal source of financial assistance for drinking water systems.

In some cases, the 1994 program levels are lower than the current estimates for 1993, which reflect the increases provided in 1993 for economic stimulus and disaster funding. However, the 1994 levels include significant increases over the levels appropriated in 1993 in most of the RDA loan and grant programs. These increases are part of the investment package for the President's Rural Development Initiative. For water and waste loans, the budget recommends an increase of \$277 million over the \$600 million

## SMALL COMMUNITY AND RURAL DEVELOPMENT

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appropriated for 1993. The water and waste grant program will be increased by \$150 million over the amount appropriated in 1993. RDA also has the authority to guarantee water and waste disposal loans. The Administration is requesting \$36 million for this program.

The community facilities loan program provides assistance to communities of less than 20,000 or less to provide other essential public services. The priorities of the program are health and public safety services. RDA has the authority to make direct loans and provide loan guarantees. The loan guarantee is a relatively new authority, but has been used by many rural communities to provide health care projects. Direct loans have the same interest rate structure as the water and waste disposal program. The budget proposes an increase of \$295 million for direct loans over the \$94 million available for 1993. The budget also includes \$75 million for guaranteed community facility loans as part of the President's investment package.

Business and industry loan guarantees are made to businesses and industries in areas outside metropolitan areas of 50,000 or more and their immediately adjacent urbanizing area. Loan guarantees are available for a variety of purposes. The purpose of the program is to create or save employment opportunities in rural areas. The budget proposes an increase of \$200 million in this program.

The intermediary relending program provides loans for businesses or community development purposes. These loans are made by private or public nonprofit organizations (intermediaries) that receive loan funds from RDA. The rural development grant program provides grant assistance to public bodies and private nonprofit corporations to finance and develop small and emerging business enterprises in rural areas. These funds can be used for a variety of purposes, including acquisition of land, construction, equipment, start-up costs and working capital.

The budget requests \$175 million for the intermediary relending program, an increase of about \$140 million, and \$51 million for rural development grants, an increase of \$30 million above the amount appropriated for 1993.

In addition to creating several thousand construction jobs in the construction industry and providing the basis for creating long-term employment, these increases will permit RDA to substantially reduce the backlog of applications for most of these programs in 1994. The water and waste disposal loan and grant programs have backlogs totaling \$1.5 billion and \$600 million, respectively. The community facilities program has a backlog of applications totaling \$200 million as does the business and industry loan guarantee program. The backlog for rural development grants and intermediary relending loans totals about \$40 million and \$30 million respectively.

# SMALL COMMUNITY AND RURAL DEVELOPMENT

## RURAL ELECTRIFICATION ADMINISTRATION (REA)

Program Level (P.L.) and Budget Authority (B.A.)  
(Dollars in Millions)

| Program                                                | 1992<br>Actual |       | 1993<br>Cur. Est. |       | 1994<br>Budget |      |
|--------------------------------------------------------|----------------|-------|-------------------|-------|----------------|------|
|                                                        | P.L.           | B.A.  | P.L.              | B.A.  | P.L.           | B.A. |
| Rural Electrification and<br>Telephone Revolving Fund: |                |       |                   |       |                |      |
| Electric:                                              |                |       |                   |       |                |      |
| Direct, REA 5% . . . . .                               | \$622          | \$117 | \$625             | \$117 | \$25           | \$4  |
| Direct, Treasury Rate . . . . .                        | 0              | 0     | 0                 | 0     | 600            | 1    |
| Direct, FFB . . . . .                                  | 785            | 14    | 813               | 35    | 813            | 0    |
| Subtotal, Electric . . . . .                           | 1,407          | 131   | 1,438             | 152   | 1,438          | 5    |
| Telephone:                                             |                |       |                   |       |                |      |
| Direct, REA 5% . . . . .                               | 205            | 34    | 239               | 44    | 25             | 3    |
| Investment (incl. above) . . . . .                     |                |       |                   |       | (25)           | (3)  |
| Direct, Treasury Rate . . . . .                        | 0              | 0     | 0                 | 0     | 239            | a/   |
| Direct, FFB . . . . .                                  | 35             | 0     | 120               | a/    | 120            | 0    |
| Subtotal, Telephone . . . . .                          | 240            | 34    | 359               | 44    | 384            | 3    |
| Total, RETL . . . . .                                  | 1,647          | 165   | 1,797             | 196   | 1,822          | 8    |
| Rural Telephone Bank (RTB):                            |                |       |                   |       |                |      |
| Direct Loans . . . . .                                 | 177            | 4     | 177               | a/    | 0              | 0    |
| Direct, Treasury Rate . . . . .                        | 0              | 0     | 0                 | 0     | 202            | a/   |
| Investment (incl. above) . . . . .                     |                |       |                   |       | (25)           | a/   |
| Subtotal, RTB . . . . .                                | 177            | 4     | 177               | 0     | 202            | 0    |
| Rural Economic Dev. Loans . . . . .                    | 8              | 3     | 12                | 3     | 13             | 3    |
| Grants:                                                |                |       |                   |       |                |      |
| Rural Economic Development . . . . .                   | 0              | 0     | 14                | 14    | 5              | 5    |
| Distance Learning/Medical Link . . . . .               | 0              | 0     | 10 b/             | 10    | 5              | 5    |
| Total, Grants . . . . .                                | 0              | 0     | 24                | 24    | 10             | 10   |
| Total, REA . . . . .                                   | \$1,832        | \$172 | \$2,010           | \$223 | \$2,047        | \$21 |
| Administrative Expenses . . . . .                      | \$35           | \$35  | \$38              | \$38  | \$39           | \$39 |

a/ Less than \$0.5 million.

b/ \$5 million was appropriated in 1992 and in 1993. The 1992 funds were not expended, and were carried over into 1993, making \$10 million available for 1993.

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The 1994 budget for the Rural Electrification Administration (REA) maintains the program levels enacted for 1993, but proposes to increase the interest rate on most direct electric and telephone loans to the cost of Treasury borrowing. The budget also provides \$25 million in direct loans at the 5 percent interest rate for those borrowers demonstrating the need for subsidized credit. Rural Telephone Bank (RTB) loans will also be made at the Treasury cost of borrowing.

This proposal recognizes that the vast majority of REA's borrowers are financially stable and no longer need access to subsidized credit to provide electric and telephone service to the residents of rural areas. Long-term interest cost is a minor portion of the cost of providing these services; therefore, a small increase in the interest rate will result in only minor increases in service rates.

For the electric programs, the budget requests \$600 million for direct loans at the Treasury rate; \$25 million in direct loans at the 5 percent rate; and \$813 million in direct FFB loans for power supply borrowers. For the telephone programs the budget requests \$239 million in direct loans at the Treasury rate; \$120 million in direct FFB loans; and \$177 in RTB loans at the Treasury rate. In addition, as part of the President's investment package for the Rural Development Initiative, the budget requests \$25 million in direct telephone loans at the 5 percent rate and \$25 million in RTB loans at the Treasury rate. This \$50 million will be reserved for distance learning and medical link and other telecommunications modernization projects.

The budget also proposes \$13 million in rural economic development loans, \$5 million in economic development grants, and \$5 million in grants for the distance learning and medical link program.

REA's administrative expenses are \$38.7 million in 1994, a slight increase over the 1993 level.

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### FEDERAL CROP INSURANCE CORPORATION (FCIC)

Program Level  
(Dollars in Millions)

| Program                                 | 1992<br>Actual   | 1993<br>Current<br>Estimate | 1994<br>Budget   |
|-----------------------------------------|------------------|-----------------------------|------------------|
| Crop Insurance:                         |                  |                             |                  |
| Federal Salaries and Expenses . . . . . | \$69.2           | \$93.3                      | \$75.0           |
| Delivery Expenses . . . . .             | 264.1            | 263.8                       | 165.3            |
| Total, Operating Expenses . . . . .     | 333.3            | 357.1                       | 240.3            |
| Indemnities . . . . .                   | 1,100.0          | 932.3                       | 780.4            |
| Total, FCIC Program Level . . . . .     | <u>\$1,433.3</u> | <u>\$1,289.4</u>            | <u>\$1,020.7</u> |

The Federal Crop Insurance Corporation provides insurance against the risk of losses due to adverse weather and other unavoidable causes. Traditionally, crop insurance has been on an individual loss basis, using the producer's actual production history or the county average to establish the yield guarantee. It is proposed that the program be changed to provide coverage on an area-yield basis in most areas. The phase-in of such coverage would begin with the 1994 crop. Individual coverage will be continued in 1994 for programs in counties that have a loss ratio of no more than 1.1. For 1995, the loss ratio will be reduced to an actuarially sound 1.0. Area coverage will be offered to the maximum extent possible for those crops in counties where individual coverage is being eliminated. Under area coverage, producers would receive payment only when the area-yield falls below a "trigger" level, regardless of their individual yields. However, they would have the opportunity to tailor the insurance to their individual needs by purchasing various levels of protection. For example, the "trigger" could be 65 percent of area-yield, with payment options of up to 90 percent of area-yield times a range of price selections. Presumably, producers with better-than-average yields would choose the higher levels of coverage. Further, it is anticipated that in most cases there would be a strong correlation between an individual producer's losses and those for the area, such that payments would be received when needed.

The proposal is expected to save about \$1.7 billion over the next five years. These savings are attributable to reductions in the excess losses the Corporation has experienced since the program was expanded in 1981, as well as reductions in the cost of program delivery, including substantial cuts in the amount of payments made to reinsurance companies. The savings are possible because of greater certainty in establishing actuarially sound premium rates on an area rather than an individual basis,

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and the elimination of individual loss adjustment and various other tasks in operating the program. Reimbursement rates for delivery provided by private reinsurance companies would be reduced through more restrictive negotiation.

The budget reflects a \$105 million savings in delivery costs in 1994. It maintains adequate resources to pay carryover indemnity claims on the individual loss coverage sold on the 1993 crop. It also provides for a premium subsidy of up to 30 percent on the area-wide coverage to be sold on the 1994 crop.

## INTERNATIONAL PROGRAMS

### INTERNATIONAL PROGRAMS

Program Level  
(Dollars in Millions)

| Program                                                          | 1992<br>Actual   | 1993<br>Current<br>Estimate | 1994<br>Budget   |
|------------------------------------------------------------------|------------------|-----------------------------|------------------|
| CCC Export Credit:                                               |                  |                             |                  |
| Short-term Guarantees . . . . .                                  | \$5,595.6        | \$5,000.0                   | \$5,000.0        |
| Intermediate-term Guarantees . . . . .                           | 88.0             | 500.0                       | 500.0            |
| Emerging Democracies Guarantees . . . . .                        | a/               | 200.0                       | 200.0            |
| Total, CCC Export Credit . . . . .                               | 5,683.6          | 5,700.0                     | 5,700.0          |
| Export Enhancement Program . . . . .                             | 968.2            | 1,200.0                     | 1,000.0          |
| Dairy Export Incentive Program . . . . .                         | 76.0             | 86.4                        | 73.6             |
| Sunflower and Cottonseed Oil<br>Assistance Programs . . . . .    | 23.6             | 50.0                        | 50.0             |
| Market Promotion Program . . . . .                               | 200.0            | 147.7                       | 147.7            |
| P.L. 480 Food Assistance . . . . .                               | 1,604.5          | 1,698.9                     | 1,618.1          |
| Foreign Agricultural Service . . . . .                           | 114.8            | 117.9                       | 109.1            |
| Office of the General Sales Manager . . . . .                    | 9.1              | 8.9                         | 9.1              |
| Office of International Cooperation<br>and Development . . . . . | 38.7             | 45.7                        | 45.8             |
| Total, International Programs . . . . .                          | <u>\$8,718.5</u> | <u>\$9,055.5</u>            | <u>\$8,753.4</u> |

a/ CCC export credit guarantees made available to emerging democracies in 1992 are included in either the short- or intermediate-term guarantee categories.

Commercial Export Programs. The Department carries out a variety of commercial export programs, which are designed to develop overseas markets and expand the levels of U.S. agricultural exports. These programs are administered by the Office of the General Sales Manager.

Under the export credit guarantee programs, guarantees are provided by CCC for the repayment of commercial credit extended to finance U.S. agricultural export sales. A total program level of \$5.7 billion has been established for the CCC export credit guarantee programs for 1994. This includes \$5.0 billion to be made available under the GSM-102 program which provides guarantees on export credit with short-term repayment terms (up to 3 years), and \$500 million to be made available under the GSM-103 program, which provides intermediate-term credit guarantees (3 to 10 year repayment terms). These levels are consistent with the minimum annual levels established by the FACT Act and are unchanged from 1993.

## INTERNATIONAL PROGRAMS

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An additional \$200 million of credit guarantees are expected to be made available by CCC during 1994 to promote the export of U.S. agricultural products to emerging democracies. As provided in the FACT Act, these may be made available as GSM-102 or GSM-103 export credit guarantees or as guarantees for financing the establishment of or improvements in handling, marketing, processing, storage, or distribution facilities for imported agricultural commodities and products. The FACT Act requires that a total of \$1.0 billion of CCC credit guarantees be made available for export to emerging democracies during the 1991 to 1995 period.

Total subsidy costs for the \$5.7 billion program level for CCC export credit guarantees for 1994 are estimated to be \$403.2 million. This compares to the current estimate of \$388.2 million for the subsidy costs of CCC export credit guarantees to be made available during 1993.

Since January 1991, more than \$5.0 billion of GSM-102 export credit guarantees have been made available to facilitate sales of U.S. agricultural commodities to the former Soviet Union (FSU) and its successor independent states. At the time the budget was prepared, registrations of export sales to buyers in Russia under the GSM-102 program were suspended due to Russia's failure to make payments to U.S. banks on CCC-guaranteed export credit debt of the FSU and Russia. In addition, creditor nations were working with representatives of the Russian Federation in an attempt to reschedule the debts of the FSU. While the situation was still not fully resolved, the budget provides for the costs which will result in 1993 and 1994 once an agreement to reschedule FSU debt owed to CCC is implemented.

Under the EEP, CCC provides bonuses to exporters of U.S. agricultural commodities to enable them to be price competitive and thereby make sales in targeted overseas markets where competitor countries are making subsidized sales. The program serves to enhance U.S. trade policy strategy and objectives and to expand the levels of U.S. agricultural exports. The budget assumes that as much as \$1.0 billion of EEP bonuses will be awarded during 1994. The net outlay effect of the program is assumed to be zero because the costs to CCC of making the bonus payments are offset by savings in CCC expenditures for price and income supports as a result of increased U.S. exports, which the program is designed to achieve.

The Department also administers three other subsidy programs under which export bonuses are made available to facilitate sales of specific U.S. agricultural commodities. These are the Dairy Export Incentive Program, the Sunflower Oil Assistance Program, and the Cottonseed Oil Assistance Program. The budget assumes these programs will continue to operate near current levels in 1994.

Market Promotion Program (MPP). The purpose of the MPP is to support the development, maintenance, and expansion of commercial export markets for U.S. agricultural commodities and products. Under the program, CCC funds are used to partially reimburse participating organizations for the costs of carrying out foreign market

## INTERNATIONAL PROGRAMS

development and export promotion projects in designated countries. Participating organizations include nonprofit agricultural trade organizations, regional State trade associations, and private companies. The program is administered by the Foreign Agricultural Service.

As one component of the President's deficit reduction initiatives, the budget proposes to maintain the level of MPP funding at the current annual level of \$147.7 million. This is a reduction of \$52.3 million from the annual baseline level of \$200 million and provides total savings of \$209.2 million during 1994 through 1994. This proposal will contribute not only to reducing the Federal deficit but also to ensuring the most effective use of available program resources.

### **P.L. 480 FOOD ASSISTANCE PROGRAMS**

#### Program and Tonnage Levels

| Program                       | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|-------------------------------|----------------|-----------------------------|----------------|
| Title I Credit Sales:         |                |                             |                |
| Dollars in Millions . . . . . | \$534.4        | \$555.3                     | \$502.6        |
| Million Metric Tons . . . . . | (2.7)          | (2.9)                       | (2.6)          |
| Title II Donations:           |                |                             |                |
| Dollars in Millions . . . . . | 746.5          | 810.0                       | 831.9          |
| Million Metric Tons . . . . . | (2.1)          | (2.2)                       | (2.4)          |
| Title III Grants:             |                |                             |                |
| Dollars in Millions . . . . . | 323.6          | 333.6                       | 283.6          |
| Million Metric Tons . . . . . | (1.5)          | (1.4)                       | (1.3)          |
| Total, P.L. 480 Programs:     |                |                             |                |
| Dollars in Millions . . . . . | \$1,604.5      | \$1,698.9                   | \$1,618.1      |
| Million Metric Tons . . . . . | (6.3)          | (6.5)                       | (6.3)          |

The P.L. 480 program is the primary means by which the United States provides foreign food assistance. This assistance is provided through three separate program authorities.

Title I of P.L. 480 provides for sales of U.S. agricultural commodities to developing countries through long-term concessional financing. In allocating assistance to be provided under the Title I program, priority is given to those developing countries which demonstrate the greatest need for food, are undertaking measures to improve their food security and agricultural development, and are potential commercial markets for U.S. agricultural commodities. The Title I program is administered by the Department.

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Title II provides for donations of humanitarian food assistance to needy people in foreign countries in response to malnutrition, famine, and other situations with extraordinary relief requirements. The assistance is provided primarily through private voluntary organizations, cooperatives, or international organizations, including the World Food Program of the United Nations. In the case of donations made in response to emergency needs, Title II assistance can also be provided through government-to-government agreements. The Title II program is administered by the Agency for International Development (AID).

Title III provides food assistance on a grant basis to least developed countries through government-to-government agreements. The donated commodities are sold on the domestic market of the recipient countries, and the revenue generated from the sale is used to support programs of economic development. The Title III program is also administered by AID.

The budget provides a total program level of \$1.6 billion of P.L. 480 food assistance for 1994, which is expected to provide for total commodity shipments of approximately 6.3 million metric tons. While this is somewhat lower than the current tonnage estimate for 1993, it is consistent with the average annual level of P.L. 480 commodity assistance of the past five years. Actual tonnage levels will depend on commodity and shipping costs during 1994.

Total subsidy costs for the P.L. 480 Title I credit program for 1994 are estimated to be \$351.2 million, an increase of \$9.2 million over the estimated subsidy costs of 1993 programming. While the subsidy allowance for Title I credit provided in the budget is an increase over the 1993 level, the total amount of direct credit to be extended during 1994 is projected to be somewhat lower due to assumptions of increased programming to countries with higher credit risks and subsidy costs. As a result, the overall Title I program level is somewhat lower in 1994, even though the amount of budget authority requested for the program is an increase over the 1993 level.

The budget proposes an increase in Title II humanitarian food donations in 1994 and a reduction in Title III government-to-government grants. The Title III program is reduced \$50 million from the 1993 enacted level and \$59 million from the 1994 baseline level. The reduction in Title III programming is a component of the President's deficit reduction initiatives.

The budget also requests \$32.6 million in budget authority in 1994 in order to reduce and restructure the P.L. 480 Title I debt of countries in Latin America and the Caribbean under the Enterprise for the Americas Initiative (EAI). This compares with \$40 million of budget authority made available for this purpose in 1993. Under Federal budgetary conventions, budget authority for the costs of the debt reduction must be made available in advance of a debt restructuring agreement being implemented. Since 1991, EAI agreements to reduce and restructure the P.L. 480 Title I debt have been entered into with Bolivia, Chile, El Salvador, Jamaica, and Uruguay.

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### FOREIGN AGRICULTURAL SERVICE (FAS) AND OFFICE OF THE GENERAL SALES MANAGER (OGSM)

Program Level  
(Dollars in Millions)

| Program                                         | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|-------------------------------------------------|----------------|-----------------------------|----------------|
| Foreign Agricultural Affairs . . . . .          | \$36.9         | \$37.5                      | \$37.8         |
| Foreign Market Information and Access . . . . . | 23.2           | 25.5                        | 25.9           |
| Foreign Market Development . . . . .            | 54.7           | 54.9                        | 45.4           |
| Office of the General Sales Manager . . . . .   | 9.1            | 8.9                         | 9.1            |
| Total, FAS and OGSM . . . . .                   | <u>\$123.9</u> | <u>\$126.8</u>              | <u>\$118.2</u> |

The Foreign Agricultural Service carries out a variety of programs and activities to maintain and expand overseas markets for U.S. agricultural commodities and products. Agency functions include representation of U.S. agricultural interests abroad, collection and analysis of foreign agricultural production and trade data, development of foreign agricultural markets, and participation in international trade policy formulation and negotiations to gain improved access for U.S. agricultural products in foreign markets. The Office of the General Sales Manager administers the Department's major export promotion and foreign food assistance programs.

The budget recommends a combined program level of \$118.2 million for FAS and OGSM for 1994. Two major changes in agency funding are proposed.

First, funding of \$8.2 million is requested for FAS for the costs of maintaining the CCC Computer Facility. In the past, the computer facility has been operated jointly by FAS and ASCS and been funded by CCC. FAS will assume full responsibility for operation of the facility in 1994, and funding for its annual operating costs will now be included in the FAS appropriations request. (For comparability, the 1992 and 1993 data in the above table have been adjusted to reflect the costs of the computer facility.)

Second, funding for FAS's market development activities will be reduced by \$9.5 million on a net basis. The largest component of these activities is FAS's contribution to the Foreign Market Development Cooperator Program, which will be reduced by \$10 million or approximately one-third from the level of recent years. The reduction in FAS funding for the Cooperator Program is one of the President's deficit reduction initiatives.

## INTERNATIONAL PROGRAMS

### OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT (OICD)

Program Level  
(Dollars in Millions)

| Program                                                          | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|------------------------------------------------------------------|----------------|-----------------------------|----------------|
| Scientific Exchanges . . . . .                                   | \$1.9          | \$1.9                       | \$2.0          |
| Administration of International Research . . . . .               | 1.5            | 1.5                         | 1.5            |
| Liaison with International Organizations . . . . .               | 0.9            | 0.9                         | 0.9            |
| Targeted Development . . . . .                                   | 0.5            | 0.5                         | 0.5            |
| Cochran Fellowship Program . . . . .                             | 1.8            | 1.8                         | 1.8            |
| Financial and Administrative<br>Systems Tracking . . . . .       | 0.6            | 0.6                         | 0.6            |
| Total, Appropriated Funds . . . . .                              | 7.2            | 7.2                         | 7.3            |
| Trust Funds . . . . .                                            | 3.1            | 3.5                         | 3.5            |
| Reimbursable Funds from AID and<br>Other Organizations . . . . . | 28.4           | 35.0                        | 35.0           |
| Total, OICD . . . . .                                            | <u>\$38.7</u>  | <u>\$45.7</u>               | <u>\$45.8</u>  |

The Office of International Cooperation and Development is responsible for scientific and technical exchanges, cooperative international research, and liaison with international food and agricultural organizations. OICD also directs training and technical assistance efforts in as many as 80 developing countries.

The budget provides a total program level of \$45.8 million for OICD for 1994, which is virtually unchanged from the current estimate for 1993. This includes \$7.3 million of direct appropriated funds, and an additional \$38.5 million in funding expected to be made available through trust funds and reimbursable agreements. Under these agreements, OICD carries out technical assistance, training, and research activities overseas on behalf of the Agency for International Development, foreign governments, and international organizations.

# FOREST SERVICE

## FOREST SERVICE (FS)

Program Level  
(Dollars in Millions)

| Program                                 | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|-----------------------------------------|----------------|-----------------------------|----------------|
| Discretionary Programs:                 |                |                             |                |
| Land Management:                        |                |                             |                |
| National Forest System:                 |                |                             |                |
| Timber Sales . . . . .                  | \$263.7        | \$219.0                     | \$196.8        |
| Recreation . . . . .                    | 216.4          | 304.7                       | 245.5          |
| Stimulus/Investment (incl. above)       |                | (75.0)                      | (15.0)         |
| Wildlife and Fish . . . . .             | 112.5          | 132.7                       | 127.5          |
| Stimulus/Investment (incl. above)       |                | (16.3)                      | (12.4)         |
| General Administration . . . . .        | 303.8          | 305.9                       | 308.7          |
| Minerals and Geology . . . . .          | 34.3           | 36.8                        | 35.0           |
| Stimulus (incl. above) . . . . .        |                | (2.0)                       |                |
| Maintenance of Facilities . . . . .     | 26.3           | 46.5                        | 26.7           |
| Stimulus (incl. Above) . . . . .        |                | (20.0)                      |                |
| Trail Maintenance . . . . .             | 30.5           | 56.3                        | 36.7           |
| Stimulus/Investment (incl. above)       |                | (25.0)                      | (5.0)          |
| Soil, Water and Air . . . . .           | 76.2           | 80.8                        | 83.8           |
| Stimulus/Investment (incl. above)       |                | (8.5)                       | (12.0)         |
| Range . . . . .                         | 43.2           | 47.7                        | 47.7           |
| Stimulus/Investment (incl. above)       |                | (3.2)                       | (3.0)          |
| All Other . . . . .                     | 348.1          | 226.9                       | 228.8          |
| Total, National Forest System . . . . . | 1,455.0        | 1,457.3                     | 1,337.2        |
| Stimulus/Investment (incl. above)       |                | (150.0)                     | (47.4)         |
| Firefighting:                           |                |                             |                |
| Presuppression . . . . .                | 181.6          | 189.2                       | 190.1          |
| Suppression . . . . .                   | 117.6          | 185.4                       | 190.2          |
| Total, Firefighting . . . . .           | 299.2          | 374.6                       | 380.3          |
| Construction:                           |                |                             |                |
| Roads . . . . .                         | 169.0          | 140.6                       | 133.2          |
| Investment (incl. above) . . . . .      |                |                             | (6.5)          |
| Trails . . . . .                        | 21.7           | 34.2                        | 33.5           |
| Stimulus/Investment (incl. above)       |                | (7.0)                       | (6.0)          |
| Recreation Facilities . . . . .         | 71.6           | 73.6                        | 84.4           |
| Stimulus/Investment (incl. above)       |                | (19.8)                      | (10.0)         |
| Other Facilities . . . . .              | 12.2           | 41.7                        | 23.1           |
| Stimulus/Investment (incl. above)       |                | (11.0)                      | (9.1)          |
| Total Construction . . . . .            | 274.5          | 290.1                       | 274.2          |
| Stimulus/Investment (incl. above)       |                | (37.8)                      | (31.6)         |

# FOREST SERVICE

## FOREST SERVICE (FS)

Program Level  
(Dollars in Millions)

| Program                              | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|--------------------------------------|----------------|-----------------------------|----------------|
| Land Acquisition .....               | 88.3           | 62.4                        | 64.0           |
| Special Accounts .....               | 6.1            | 6.7                         | 6.1            |
| Total, Land Management .....         | 2,123.1        | 2,191.1                     | 2,061.8        |
| Stimulus/Investment (incl. above)    |                | (187.8)                     | (79.0)         |
| State and Private Forestry :         |                |                             |                |
| Forest Pest Management .....         | 57.2           | 40.6                        | 52.2           |
| Investment (incl. above) .....       |                |                             | (2.0)          |
| Stewardship and Tree Planting .....  | 48.5           | 65.9                        | 91.3           |
| Investment (incl. above) .....       |                |                             | (23.0)         |
| Economic Development Activities ...  | 14.2           | 12.7                        | 12.6           |
| Other .....                          | 42.9           | 41.1                        | 19.6           |
| Total, State and Private Forestry .. | 162.8          | 160.4                       | 175.7          |
| Investment (incl. above) .....       |                |                             | (25.0)         |
| Forest Research .....                | 180.5          | 185.7                       | 194.4          |
| Investment (incl. above) .....       |                |                             | (10.0)         |
| International Forestry .....         |                |                             | 37.0           |
| Investment (incl. above) .....       |                |                             | (30.0)         |
| Total, Discretionary Programs ....   | 2,466.4        | 2,537.2                     | 2,468.9        |
| Stimulus/Investment (incl. above)    |                | (187.8)                     | (144.0)        |
| Mandatory Programs:                  |                |                             |                |
| Working Funds .....                  | 214.7          | 220.1                       | 196.7          |
| Payments to States .....             | 335.8          | 365.7                       | 423.7          |
| Cooperative Work Trust Fund .....    | 303.4          | 361.6                       | 275.7          |
| Reforestation Trust Fund .....       | 30.0           | 30.0                        | 29.1           |
| Total, Mandatory Programs .....      | 883.9          | 977.4                       | 925.2          |
| Total, Budget Authority .....        | \$3,350.4      | \$3,514.6                   | \$3,394.1      |
| Stimulus/Investment (incl. above)    |                | (187.8)                     | (144.0)        |

## FOREST SERVICE

### FOREST SERVICE (FS)

Program Level  
(Dollars in Millions)

| Program                                    | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|--------------------------------------------|----------------|-----------------------------|----------------|
| Full-Time Equivalent Staff Years . . . . . | 43,427         | 41,155                      | 41,237         |
| Timber Sales Volume (BBF) . . . . .        | 5.1            | 5.2                         | 4.1 - 4.6      |
| Timber Harvest Volume (BBF) . . . . .      | 7.3            | 7.5                         | 6.8            |
| Receipts (\$ Millions) . . . . .           | \$1,151.3      | \$1,406.0                   | \$1,664.8      |

The Forest Service, with over 43,000 staff years in 1992, is the largest employer in USDA. It operates in four major program areas:

- Management of the National Forests and Grasslands. The Forest Service manages approximately 191 million acres of public land -- about 110 percent of the area of the State of Texas -- located in 44 States, Puerto Rico, and the Virgin Islands. These lands, known collectively as the National Forest System, are managed under the multiple use concept for sustained production of timber, forage, fish and wildlife, water, wilderness and outdoor recreation. There are also significant mineral deposits which can contribute to the Nation's resource requirements. The programs are administered by a field staff stationed at nine regional offices, 123 forest supervisor offices and about 630 ranger district offices.
- State and Private Forestry. The Forest Service makes grants and provides technical assistance to State forestry agencies for protecting forest resources and improving forest management on nonindustrial private forest lands. There is also a Stewardship Incentives Program which provides cost-share assistance to nonindustrial private landowners for a variety of stewardship practices including tree planting. In addition, there are several small programs which provide technical and financial assistance to natural resources dependent rural communities.
- Forest Research. The Forest Service maintains the world's largest forest research organization. While it has a very broad mission to develop the knowledge and technology needed to enhance the economic and environmental values of all the Nation's forests and related industries, it also must support the specific research needs that arise from the FS's prime responsibility of managing the National Forest System.
- International Forestry. The Forest Service participates in a variety of international activities including scientific research, technical assistance, and disaster assistance.

## FOREST SERVICE

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The 1993 Stimulus proposal and the 1994 budget propose several investments in Forest Service programs.

Natural Resource Protection and Environmental Infrastructure. This is an effort to protect and rehabilitate America's natural and cultural assets, restore the facilities that protect these resources, and improve public access to them. The 1993 Stimulus proposal includes \$187.8 million and the 1994 budget includes \$79.0 million for this initiative in the various programs within the National Forest System and Construction accounts.

Forests For the Future. The budget proposes to invest \$30 million in 1994 and \$50 million in each of the next four years, towards the international goal of reducing world-wide deforestation. At the 1992 Rio "Earth Summit," the U.S. proposed that all countries join in doubling international forest assistance. This investment will be a down payment towards that commitment to fund initial partnership activities with foreign nations and domestic and international non-governmental organizations.

Forestry Research Initiative. The Forest Service research budget proposes an increase from \$182.7 million in 1993 to \$194.4 million in 1994. This increase includes \$10 million of an overall \$20 million USDA initiative to increase the breadth of forest research in order to strengthen the capability to provide scientific information to help the nation develop sound policies for forest management and production. The funding increase will be directed at research to support ecosystem management of national forests and other forest lands.

Stewardship/Tree Planting. The budget proposes to increase funding for stewardship activities, including tree planting, and for the urban and community forestry program from \$65.9 million in 1993 to \$91.3 million in 1994. These activities provide technical and cost-share assistance to non-industrial rural landowners for a variety of approved stewardship practices. To date, the most popular practice, accounting for about half the work undertaken, has involved tree planting. In addition, technical and financial assistance to urban and community forestry activities provides environmental benefits as well as productive seasonal jobs for urban youth.

The 1994 budget also proposes important changes in the funding of the timber sales and recreation programs.

Timber Program. In 1992, the Forest Service timber sales volume was 5.1 Billion Board Feet (BBF), less than half the level harvested as recently as 1990. It is unlikely that the 1993 volume will be significantly higher. The reduction is primarily due to timber conflicts with other resource values, especially preservation of habitat for sensitive, threatened or endangered species. The 1994 budget recognizes the fact that resolution of these conflicts will result in a volume of annual timber sales on the national forests that is much less than the 10 - 11 BBF sold during most years of the last two decades. The budget provides sufficient resources for a 5.2 - 5.7 BBF national output. If there is no resolution, and the sales program continues under the current judicial restraints, the estimated volume sold would be 4.1 - 4.6 BBF. Data from the Timber Sales Program Information

## FOREST SERVICE

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Reporting System for 1990 to 1992 indicate that the timber programs on 66 of the 120 forest administrative units covered were below-cost. However, these forests only accounted for one-fifth of the volume harvested. The Department will continue its efforts to reduce costs on such forests and take other measures as appropriate to improve the cost efficiency of the timber program.

Grazing Fees. About one-third of the livestock grazing on public lands occurs on the national forests. Currently, grazing fees are based on a formula established by the 1978 Public Rangelands Improvement Act for a seven-year trial period. The formula was continued, with minor modification, by Executive Order in 1986. The formula calculation resulted in a fee of \$1.92 per Animal Unit Month in 1992, and a reduction to \$1.86 for 1993. Recent estimates of fair market value for public rangeland grazing are two to five times higher. The manner in which the higher rates will be phased-in will be determined by the Secretaries of Agriculture and Interior. A rate for grazing year 1994 has not yet been determined.

Recreation User Fees. The national forests provide a wide spectrum of outdoor recreation opportunities including over 33 million acres of wilderness, nearly 6,000 recreation facilities, and over 100,000 miles of trails. Currently, the Forest Service charges user fees for fully equipped camping sites. In order to generate revenue to maintain and enhance recreation on national forests, the budget includes a legislative proposal which would permit the agency to selectively charge entrance fees for developed recreation areas, such as camp and picnic grounds, swimming sites, boat launch sites, managed parking lots, and visitor centers with specialized services or programs. It is estimated that these charges would generate \$10 million in 1994 which would be available for appropriation for recreation programs in 1995.

## FOOD AND CONSUMER SERVICES

### FOOD AND NUTRITION SERVICE (FNS)

Program Level  
(Dollars in Millions)

| Program                                      | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|----------------------------------------------|----------------|-----------------------------|----------------|
| <u>Mandatory:</u>                            |                |                             |                |
| Food Stamp Program . . . . .                 | \$22,467.7     | \$24,080.5                  | \$25,129.7     |
| Investment (incl. above) . . . . .           |                |                             | (603.0)        |
| Food Stamp Reserve . . . . .                 | (1,500.0)      | (2,500.0)                   | (5,000.0)      |
| Nutrition Assistance for Puerto Rico . . . . | 1,002.2        | 1,040.2                     | 1,091.0        |
| Child Nutrition Programs . . . . .           | 6,255.1        | 6,905.5                     | 7,559.9        |
| Stimulus/Investment (incl. above) . . . . .  |                | (56.0)                      | (115.0)        |
| Child Nutrition - AMS Sec. 32 . . . . .      | 400.0          | 400.0                       | 400.0          |
| Special Milk Program . . . . .               | 21.6           | 20.0                        | 20.5           |
| Temporary Assistance, P.L. 102-552 . . . .   | 0.0            | 42.3                        | 0.0            |
| Total, Mandatory . . . . .                   | 30,146.6       | 32,488.5                    | 34,201.1       |
| <u>Discretionary:</u>                        |                |                             |                |
| Special Supp. Food Program (WIC) . . . .     | 2,672.5        | 2,973.6                     | 3,296.2        |
| Stimulus/Investment (incl. above) . . . . .  |                | (75.0)                      | (350.0)        |
| Commodity Supp. Food Program (CSFP) . . .    | 96.4           | 94.5                        | 94.5           |
| Food Distribution to Indians (FDPIR) . . .   | 81.8           | 81.6                        | 69.5           |
| Nutrition Program for the Elderly . . . . .  | 143.7          | 142.9                       | 142.9          |
| Soup Kitchens and Food Banks . . . . .       | 32.0           | 32.0                        | 32.0           |
| Emergency Food Assistance (TEFAP) . . .      | 165.0          | 188.5                       | 209.5          |
| Stimulus/Investment (incl. above) . . . . .  |                | (23.5)                      | (40.0)         |
| Food Program Administration (FPA) . . . .    | 103.8          | 103.8                       | 105.5          |
| Total, Discretionary . . . . .               | 3,295.2        | 3,616.9                     | 3,950.1        |
| Total, FNS . . . . .                         | \$33,441.8     | \$36,105.4                  | \$38,151.2     |

The Food and Nutrition Service is headquartered in Alexandria, Virginia, and has 7 regional offices and 59 field offices. FNS personnel manage the Nation's domestic food assistance programs at the Federal level and work with about 80,000 State employees who are funded all or in part with FNS money, as well as about 600,000 food service personnel in the Nation's schools.

FNS' mission is to: (1) make available to needy persons sufficient supplemental resources to permit them to purchase a nutritional diet and sufficient understanding of the Dietary Guidelines for Americans so that they know what they should eat; (2) provide additional assistance to vulnerable, low-income categories of needy persons to help

## FOOD AND CONSUMER SERVICES

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assure the adequacy of their diets (major categories include pregnant and lactating women, children up to age 18, and persons 60 years of age or older); and, (3) assist needy households, schools and certain not for profit organizations, by distributing to them commodities purchased for farm economic support requirements which could not otherwise be sold.

FNS fulfills this mission principally via food stamps, the Nation's foundation program addressing hunger. The Food Stamp Program offers assistance to people with low income and few resources. Further assistance to vulnerable groups is provided through the Special Supplemental Food Program for Women, Infants and Children (WIC) which helps low-income pregnant and lactating women, infants, and children up to age 5; the Emergency Food Assistance Program (TEFAP) which provides commodities for households in need of immediate, short-term assistance; the National School Lunch, School Breakfast, and Child and Adult Care Food Programs and other congregate feeding programs for children up to the age of 18; and the Nutrition Program for the Elderly, a congregate feeding program for persons 60 or older. These programs also help recipients learn about nutrition, so they will be better able to nourish themselves and their families.

FNS programs are operated in a State/Federal partnership, in which the Federal Government is generally responsible for paying 100 percent of benefit costs and a significant share of State administrative expenses, interpreting the statutes, and providing States with technical assistance and guidance. With a few exceptions, States are responsible for determining the eligibility of needy persons to participate in food assistance programs and for the delivery of food benefits. Food benefits take three major forms: food stamps and WIC vouchers, redeemable by households for food in retail grocery stores; cash grants, used by schools and other congregate meal providers to subsidize their meal services; and USDA purchased commodities provided to the congregate meal providers as well as to some households.

Budgetary requirements for food assistance programs depend on the number of persons who participate, as well as the unit cost of assistance provided. Low inflation helps hold unit benefit costs constant. But more importantly, since participation is restricted to low-income persons, a strong economy tends to lift individuals above eligibility thresholds and reduce participation and costs. However, low-income households tend to be the first to be affected by economic downturns and the last to benefit from upturns. So food assistance participation tends to increase or stay constant for a while even after the economy begins to improve.

The income eligibility threshold for food stamps and free school meals is 130 percent of the poverty line (\$18,655 for a household of four for 1994). The threshold for WIC and reduced price meals is set at 185 percent of poverty (\$26,548 for a household of four, or up to \$31,099 for WIC households with a pregnant woman).

A table is provided on the following page showing recent and projected participation, unit costs for food and nonfood, and other program indicators.

## FOOD AND CONSUMER SERVICES

### Key Food Assistance Program Indicators

|                                           | 1991<br>Actual | 1992<br>Estimate | 1993<br>Estimate | 1994<br>Estimate |
|-------------------------------------------|----------------|------------------|------------------|------------------|
| Participation, millions average monthly:  |                |                  |                  |                  |
| Food Stamps . . . . .                     | 22.62          | 25.40            | 27.30            | 27.24            |
| Free School Lunch . . . . .               | 10.29          | 11.18            | 11.92            | 12.11            |
| School Lunch, all . . . . .               | 24.21          | 24.60            | 25.00            | 25.50            |
| Special Supp. Food Program (WIC)          | 4.90           | 5.41             | 6.00             | 6.40             |
| Commodity Supp. Food Program              |                |                  |                  |                  |
| (CSFP): WIC-type . . . . .                | 0.19           | 0.22             | 0.25             | 0.25             |
| CSFP: Elderly . . . . .                   | 0.11           | 0.12             | 0.14             | 0.13             |
| Food Distribution Program on Indian       |                |                  |                  |                  |
| Reservations (FDPIR) . . . . .            | 0.13           | 0.12             | 0.12             | 0.12             |
| Nutrition Program for the Elderly         |                |                  |                  |                  |
| (NPE), annual meals . . . . .             | 242.60         | 245.44           | 247.25           | 247.25           |
| Unemployment Rate (percent) . . .         | 6.5%           | 7.3%             | 7.2%             | 6.7%             |
| Average/person/month food benefit in \$:  |                |                  |                  |                  |
| Food Stamps . . . . .                     | \$63.86        | \$68.57          | \$68.24          | \$69.62          |
| WIC . . . . .                             | 30.34          | 30.17            | 31.02            | 32.03            |
| CSFP: WIC-type . . . . .                  | 21.46          | 21.72            | 21.66            | 22.37            |
| CSFP: Elderly . . . . .                   | 20.12          | 20.01            | 19.93            | 20.25            |
| FDPIR . . . . .                           | 33.62          | 34.33            | 35.10            | 36.40            |
| Per meal subsidies including commodities: |                |                  |                  |                  |
| Free School Lunch . . . . .               | \$1.75         | \$1.81           | \$1.84           | \$1.89           |
| Paid School Lunch . . . . .               | \$0.29         | \$0.30           | \$0.30           | \$0.31           |
| NPE per meal subsidy (cents) .            | 56.76          | 61.00            | 57.80            | 57.80            |

## FOOD AND CONSUMER SERVICES

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In addition to the budget request, a key part of the action plan for the food assistance programs will focus effort to improve the programs to reach those who need assistance, to improve efficiency and integrity, and ultimately to improve the return on the Nation's investment in families and individuals.

The Food Stamp Program will continue to provide the current services level, plus new legislation will be submitted to increase benefits by about \$603 million in 1994. USDA and DHHS have developed a joint legislative proposal which would provide for reimbursement of State administrative costs for food stamps, AFDC and Medicaid with the State and Federal government sharing equally. This will amount to a reduction in Federal food stamp funding for State level activities of about \$20 million on a base of \$1.5 billion for 1994.

The WIC program supplements recipients' food purchases with specific foods providing nutrients known to be lacking in the diets of the WIC population. In addition to the current services level, \$350 million is requested for 1994, for a total of \$3.296 billion. This will allow substantial program growth over the 1993 level plus cost increases. Current Administration plans call for increments of a similar size until full WIC funding is reached at the end of 1996. About \$142 million of WIC funds supports nutrition education, including breast-feeding promotion, so that improved diets will continue after recipients leave the program. Note also that there is growing concern that program integrity problems are consuming WIC resources that should be helping recipients. With WIC full funding about to be achieved, greater emphasis on efficiency and integrity problems is also needed to assure support for this great program.

Food stamps and WIC are also complemented by Child Nutrition Programs which give low-income children access to free, balanced meals when they are in child care or school. These meals not only help assure that the children are adequately nourished so they are ready to learn, they offer the opportunity to continue the nutrition education that begins in WIC. As part of the Administration's emphasis on children, an increase of \$115 million is requested for 1994 for Child Nutrition meal reimbursements. Increases in the Head Start Program will increase the number of children receiving meals in the Child and Adult Care Food Program (CACFP), so special increases are requested to support expansion in Head Start.

For the Temporary Emergency Food Assistance Program (TEFAP) \$209 million is requested, an increase of \$40 million over current services. This will permit additional commodities to be purchased and allocated to States based on the number of unemployed persons and the number of persons under the poverty line in each State. Through TEFAP, the Federal government purchases and donates to the States a variety of wholesome commodities, which are distributed to needy persons via a network of largely volunteer organizations. They, in turn, distribute foods donated to them locally and by the Federal government.

## FOOD AND CONSUMER SERVICES

### HUMAN NUTRITION INFORMATION SERVICE (HNIS)

Program Level  
(Dollars in Millions)

| Program                                       | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|-----------------------------------------------|----------------|-----------------------------|----------------|
| Human Nutrition Information Service . . . . . | \$10.8         | \$8.6                       | \$13.2         |

The Human Nutrition Information Service acquires statistically adequate data on individual food intake and household food consumption in America for use in policy and regulatory decisionmaking such as for the food assistance programs and for pesticide and additive regulation. The agency also develops nutrition education materials and coordinates nutrition monitoring activities with other entities active in the field, particularly at the Department of Health and Human Services (DHHS). Key agency activities include:

- The Continuing Survey of Food Intakes of Individuals (CSFII) and the Diet and Health Knowledge Survey (DHKS). These surveys occur in three-year cycles, with some exceptions. The CSFII measures the kinds and amounts of foods eaten to determine the dietary status of the population and the DHKS measures attitudes and knowledge about diet and health. Together, these surveys provide the only opportunity on a national scale to link an individual's knowledge and attitudes to his or her dietary behavior. Design, collection and analysis of data for these surveys are ongoing at all times with phases for different years of the study overlapping one another. In each year about 5,000 individuals are sampled; each sample includes an oversampling of the low-income population. HNIS manages contracts for the field data collection and conducts methodological research needed to improve the surveys.
- The Household Food Consumption Survey (HFCS) is planned next for 1996. HFCS supplants the Nationwide Food Consumption Survey (NFCS), a decennial survey that sampled 6,000 households including 15,000 individuals, plus a low-income subsample of 3,600 households with 10,100 individuals. NFCS measured: (1) the food used by U.S. households and the cost of those foods, and (2) the food eaten by individuals both at home and away from home. HFCS will collect food use and cost data, since CSFII now provides individual intake data.
- Building and maintaining the infrastructure necessary to support the food surveys and the work of other public and private researchers. This includes the National Nutrient Data Bank which provides information about what nutrients are in the foods we eat, essential information to convert survey data into information on dietary status. HNIS also maintains the Food Grouping System which converts multicomponent foods reported as consumed into their separate ingredients. This

## FOOD AND CONSUMER SERVICES

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is necessary for such things as determining the nutritional value of many foods consumed, estimating intakes of pesticide residues, etc.

- Analyzing data on food habits and developing guidance for food consumption, such as the Dietary Guidelines for Americans. HNIS also develops nutrition education materials and the food plans, including the Thrifty Food Plan on which the Food Stamp Program benefit is based.
- Coordinating Federal human nutrition policy development within USDA and between USDA and other agencies. HNIS is USDA's lead agency in the implementation of the National Nutrition Monitoring Plan, required by P.L. 101-445. The law addresses both survey and nutrition education activities.

Much of HNIS' resources are used for activities and projects which operate at about the same level each year. However, in years when surveys are undertaken, increases are required to fund field data collection.

## MARKETING AND INSPECTION PROGRAMS

### FOOD SAFETY AND INSPECTION SERVICE (FSIS)

Program Level  
(Dollars in Millions)

| Program                                      | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|----------------------------------------------|----------------|-----------------------------|----------------|
| Slaughter Inspection . . . . .               | \$323.1        | \$340.3                     | \$352.6        |
| Direct Appropriation (incl. above) . . . . . | (282.1)        | (293.8)                     | (232.8)        |
| Ongoing User Fees (incl. above) . . . . .    | (41.0)         | (43.9)                      | (46.3)         |
| New User Fees (incl. above) . . . . .        |                |                             | (67.1)         |
| Stimulus/Investment (incl. above) . . . . .  |                | (2.6)                       | (6.4)          |
| Processing Inspection . . . . .              | 135.5          | 141.9                       | 147.3          |
| Direct Appropriation (incl. above) . . . . . | (117.9)        | (121.6)                     | (96.1)         |
| Ongoing User Fees (incl. above) . . . . .    | (17.6)         | (18.8)                      | (19.8)         |
| New User Fees (incl. above) . . . . .        |                |                             | (27.8)         |
| Stimulus/Investment (incl. above) . . . . .  |                | (1.4)                       | (3.6)          |
| Import-Export . . . . .                      | 11.8           | 12.2                        | 12.3           |
| Direct Appropriation (incl. above) . . . . . | (11.8)         | (12.2)                      | (9.5)          |
| New User Fees (incl. above) . . . . .        |                |                             | (2.8)          |
| Laboratory Services . . . . .                | 23.2           | 23.7                        | 23.9           |
| Direct Appropriation (incl. above) . . . . . | (23.2)         | (23.7)                      | (17.5)         |
| New User Fees (incl. above) . . . . .        |                |                             | (6.4)          |
| Grants to States . . . . .                   | 38.5           | 38.5                        | 39.6           |
| Food Safety Methodology . . . . .            | 0.0            | 0.0                         | 8.0            |
| Investment (incl. above) . . . . .           |                |                             | (8.0)          |
| Subtotal . . . . .                           | 532.1          | 556.6                       | 583.7          |
| Trust Funds . . . . .                        | 1.9            | 2.0                         | 2.0            |
| Total, Program Level . . . . .               | 534.0          | 558.6                       | 585.7          |
| Financed from Fees . . . . .                 | -60.5          | -64.7                       | -172.1         |
| Total, Appropriation . . . . .               | <u>\$473.5</u> | <u>\$493.9</u>              | <u>\$413.6</u> |

The mission of the Food Safety and Inspection Service is to assure the Nation's meat and poultry supply is safe, wholesome, unadulterated, and properly labeled and packaged. While USDA is committed to decreasing the employment within the Department, an exception has been made in the food and safety inspection area. FSIS's employment will be increasing over the next five years with an additional 200 inspectors in 1994 to fill critical vacancies and allow for growth in the industry. Specific FSIS activities include the following:

## MARKETING AND INSPECTION PROGRAMS

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- Slaughter Inspection. FSIS inspectors and veterinarians inspect all carcasses in slaughter plants for disease and other abnormalities, and samples for the presence of chemical residues. Other responsibilities include the application of uniform standards for sanitation, equipment, and facilities, and humane methods of slaughter.

As part of the Administration's economic stimulus package for 1993, the budget includes an increase of \$4.0 million to hire 160 additional inspectors. Of this amount, \$2.6 million will be used to fill 102 slaughter inspector positions. The 1994 proposal includes \$10 million to continue efforts to fully staff the meat and poultry inspection program. This includes \$5.1 million to annualize the cost of the 102 slaughter inspector positions filled in 1993 and \$1.3 million to hire and train an additional 25 slaughter inspectors in 1994.

- Processing Inspection. Meat and poultry processing operations are inspected by FSIS on a daily basis. Typical processing operations include cutting, boning, curing, and canning. Inspector activities include review of plant operations for sanitation and cleanliness, labeling, and packing functions.

As part of the Administration's economic stimulus package for 1993, the budget includes an increase of \$4.0 million to hire 160 additional inspectors. Of this amount, \$1.4 million will be used to fill 58 processing inspector positions. The 1994 proposal includes \$10 million to continue efforts to fully staff the meat and poultry inspection program. This includes \$2.9 million to annualize the cost of the 58 processing inspector positions filled in 1993 and \$0.7 million to hire and train an additional 15 processing inspectors in 1994.

- Import-Export Inspection. FSIS reviews inspection systems in countries exporting meat and poultry products to the U.S. and inspects imported products at ports of entry. Products destined for export markets are inspected by FSIS domestic inspectors at slaughter and processing plants for proper labeling and packaging in accordance with the destination country's standards.
- Laboratory Services. FSIS operates three laboratories and has agreements with two other private laboratories to perform the scientific testing in support of inspection operations. Samples sent to the laboratories are analyzed to identify the presence of pathogens, residues, additives, disease, and foreign matter. As required by the Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (P.L. 102-237), the 1994 budget proposes user fees of \$1.0 million for the Accredited Laboratory Program. Laboratories accredited by the agency to perform certain tests of meat and poultry products will be required to reimburse the Federal government for the full cost of providing and maintaining a continuing review of their accreditation status.
- Grants to States. FSIS has authority to approve State meat and poultry inspection programs for products travelling in intrastate commerce. FSIS reviews State inspection programs to assure standards, at least equal to Federal standards, are applied to meat and poultry plants under State jurisdiction. For State inspection

## MARKETING AND INSPECTION PROGRAMS

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programs, USDA contributes, through the Grants to States program, up to 50 percent of each State's costs. Currently, 28 States participate in the program.

- Food Safety Methodology. The control of pathogenic microorganisms has always been an implicit goal of the Federal meat and poultry inspection program. The program has worked to achieve this through such activities as organoleptic inspection in slaughterhouses, daily inspection in processing plants, inspection of imported products, laboratory analyses, and consumer education. In order to improve this program, a Pathogen Reduction Program has been adopted to reduce the likelihood that harmful pathogens will enter the food supply at key points in the production, processing, distribution, and consumption chain. The program includes "pre-harvest" production activities, research on rapid detection methods, "post-harvest" research in slaughter and processing plants, education programs for food service and retail employees, and consumer education. As part of the Administration's investment package, the 1994 budget includes an increase of \$8.0 million to conduct scientific investigations and study methods adopted under the Pathogen Reduction Strategy.
- User Fees. For 1994, \$103.0 million in user fees will be derived by recovering 100 percent of the cost of inspection service provided beyond an eight-hour primary approved shift. Currently, user fees are collected to recover the cost of overtime inspection and holiday inspection. Establishments that are able to schedule two eight-hour shifts in a day are provided inspection without charge. Establishments with more than one eight-hour shift are generally large plants with sizable production operated by corporations or large business interests. Establishments that do not have enough production to warrant an additional shift must pay overtime. These establishments tend to be smaller plants owned by families or small businesses. To put large and small establishments on equal footing, all establishments that operate beyond a single complete shift will be required to pay 100 percent of the costs of those operations. These fees will have a minimal impact on prices.
- Trust Funds. Establishments requesting voluntary inspection services, which are not mandated by law, are charged a user fee to recover the full cost of the services provided.

## MARKETING AND INSPECTION PROGRAMS

### ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)

Program Level  
(Dollars in Millions)

| Program                                                | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|--------------------------------------------------------|----------------|-----------------------------|----------------|
| Pest and Disease Exclusion:                            |                |                             |                |
| Agricultural Quarantine Inspection . . .               | \$20.4         | \$22.7                      | \$24.6         |
| User Fees . . . . .                                    | 85.9           | 83.4                        | 91.5           |
| Mediterranean Fruit Fly . . . . .                      | 10.1           | 10.2                        | 10.3           |
| Screwworm . . . . .                                    | 34.0           | 34.6                        | 34.9           |
| Other Programs . . . . .                               | 19.5           | 18.3                        | 17.4           |
| Emergency Programs . . . . .                           | 17.4           | 25.9                        | 0.0            |
| Plant and Animal Health Monitoring:                    |                |                             |                |
| Animal Health Monitoring and<br>Surveillance . . . . . | 59.7           | 59.6                        | 60.7           |
| Other Programs . . . . .                               | 13.7           | 13.7                        | 13.4           |
| Pest and Disease Management:                           |                |                             |                |
| Animal Damage Control Operations . . .                 | 25.6           | 25.6                        | 26.2           |
| Biocontrol . . . . .                                   | 5.1            | 4.6                         | 8.2            |
| Brucellosis eradication . . . . .                      | 32.1           | 33.0                        | 31.4           |
| Scrapie . . . . .                                      | 0.9            | 0.8                         | 3.5            |
| Other Programs . . . . .                               | 60.5           | 63.0                        | 48.3           |
| Animal Care . . . . .                                  | 9.5            | 9.5                         | 9.7            |
| Scientific and Technical Services:                     |                |                             |                |
| Integrated Systems Acquisition . . . . .               | 2.5            | 2.5                         | 5.0            |
| Other programs . . . . .                               | 46.3           | 46.2                        | 48.0           |
| Contingency Fund . . . . .                             | 5.0            | 5.0                         | 5.0            |
| All Other . . . . .                                    | 18.1           | 17.9                        | 17.7           |
| Total, APHIS Programs . . . . .                        | 466.3          | 476.5                       | 455.8          |
| Buildings and Facilities . . . . .                     | 21.4           | 10.4                        | 10.3           |
| Total, APHIS . . . . .                                 | <u>\$487.7</u> | <u>\$486.9</u>              | <u>\$466.1</u> |

## MARKETING AND INSPECTION PROGRAMS

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The Animal and Plant Health Inspection Service is responsible for protecting U.S. animal and plant resources from diseases and pests. The major areas of activity are as follows:

- Inspection and quarantine at U.S. ports of entry to prevent the introduction of foreign or exotic diseases or pests;
- Surveying and monitoring the spread of plant pests and animal diseases for State, local, and private action;
- Administering domestic control and eradication programs to combat outbreaks of plant pests and animal diseases;
- Inspecting for humane care and handling of animals used in research, exhibition or the wholesale pet trade; and
- Providing scientific and technical assistance for biotechnology, disease diagnostics, and pest control methods development.

Agricultural Quarantine Inspection (AQI). The AQI program is the nation's frontline defense against the introduction of dangerous agricultural pests and diseases from other countries. Each person or bag entering this country could potentially be carrying an exotic pest capable of causing a major outbreak. Inspection techniques such as x-ray machines and detector dog teams are used to handle the increasing workload. APHIS began collecting fees for the AQI activities in 1991. As of January 1993, the working reserve was adequate and the volume of air traffic enabled APHIS to lower some of its fees. The 1994 budget proposes \$116 million for AQI activities, an increase of \$10 million from 1993. The \$1.9 million increase in appropriations from the general fund will provide for increased passenger inspection activities from Hawaii and Puerto Rico. The \$8.1 million increase in the user fee account reflects increased international traffic.

Mediterranean Fruit Fly. The Mediterranean fruit fly is one of the world's most destructive pests of fruits and vegetables. In 1993, a \$25.9 million emergency transfer from CCC funds is being used to eradicate the pest in cooperation with California. The 1994 budget proposes \$10.3 million for ongoing detection, surveillance, and eradication.

Screwworm. The Screwworm Eradication program protects the U.S. livestock industry by eradicating screwworms from Mexico and Central America countries. The agency is progressing toward establishing a permanent, sustainable sterile fly barrier south of Mexico. A September 1992 outbreak is delaying some eradication activities to move south into Guatemala, Belize, Honduras, and El Salvador. The 1994 budget proposes funding of \$34.9 million, an increase of \$0.3 million over the 1993 current estimate.

## MARKETING AND INSPECTION PROGRAMS

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Animal Health Monitoring and Surveillance (AHMS). APHIS proposes the new AHMS line item to separate the ongoing monitoring and surveillance functions of the agency from the eradication/control activities. This AHMS line item would fund animal disease surveillance and detection, emergency disease preparedness and response, animal health monitoring, and an epidemiological delivery system at \$60.7 million. The reason such a program is needed is due to the eventual successful eradication of diseases. While eradication efforts cease, funding in the AHMS line item for surveillance activities remains necessary to prevent reinfestations.

Biocontrol. Through this program, APHIS provides an integrated pest management approach to control agricultural pests of economic importance, usually in a cooperative effort with Federal and State agencies. The 1994 budget proposes funding of \$8.2 million, an increase of \$3.6 million over the 1993 current estimate. The increase is for participation in the National Biological Control Program interagency initiative to conduct research and implement integrated pest and crop management systems. The \$2.4 million Russian Wheat Aphid program is also transferred to this activity.

Brucellosis. The Department cooperates with State governments, industry organizations, and individual herd owners to eradicate brucellosis. Currently, the highest brucellosis infection level, "Class B", which is an infection rate less than 1.5 percent for the previous year is in Texas. The 1994 budget proposes funding of \$31.4 million for brucellosis eradication, a decrease of \$1.6 million below the 1993 current estimate.

Scrapie. This is a cooperative Federal-State control program which provides for the development of sheep and goat flocks that are certified to be scrapie-free. Participation in the program is voluntary. Methods include surveillance, epidemiologic studies, laboratory diagnostics, permanent identification of animals in participating flocks, and depopulation of infected and source flocks. Indemnity procedures became effective December 1992. The 1994 budget proposes funding of \$3.5 million, an increase of \$2.7 million over the 1993 current estimate. The increased funding is for setup and implementation of the Voluntary Scrapie Flock Certification Program.

Other Pest and Disease Management Programs. Various programs control and eradicate plant pest infestations and animal diseases. The 1994 budget proposes funding of \$48.3 million, a decrease of \$14.7 million below the current 1993 estimate. The decreases represent general program reductions, the lack of need for additional no-year funding for grasshopper control, and the lack of effective treatments for the imported fire ant program.

Integrated Systems Acquisition Project (ISAP). The ISAP is designed to replace the Agency's current mixture of incompatible ADP systems. This project will enable the agency to place greater emphasis on collecting and disseminating information relative to protecting American agriculture. The 1994 budget proposes funding of \$5.0 million, an increase of \$2.5 million from 1993. The ten-year project has an estimated cost of \$250 million. After these bids are submitted they will be reviewed in order to establish priority modules and alternative funding options.

## MARKETING AND INSPECTION PROGRAMS

Buildings and Facilities. Of the 1994 request of \$10.3 million for Buildings and Facilities, \$7.1 million is for the maintenance and repair of APHIS-operated facilities. The 1994 budget also proposes \$2.0 million for completion of outdoor holding pens at the Denver Wildlife Research Center in Fort Collins, Colorado; \$0.5 million for restoring the Animal Predator Facility in Milville, Utah which was destroyed by fire in October 1992; and \$0.7 million for expanding the Plant Methods Development rearing facility in Mission, Texas.

### AGRICULTURAL MARKETING SERVICE (AMS)

Program Level  
(Dollars in Millions)

| Program                                            | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|----------------------------------------------------|----------------|-----------------------------|----------------|
| <b>Agricultural Marketing Programs:</b>            |                |                             |                |
| Market News .....                                  | \$19.1         | \$19.0                      | \$19.5         |
| Inspection and Standardization .....               | 17.0           | 17.1                        | 11.3           |
| Financed from New User Fees .....                  | 0.0            | 0.0                         | 6.2            |
| Market and Protection and Promotion .              | 14.5           | 15.0                        | 15.1           |
| Wholesale Market and Protection .....              | 2.3            | 2.3                         | 2.3            |
| Transportation Services .....                      | 2.6            | 2.6                         | 2.6            |
| Payments to States .....                           | 1.3            | 1.3                         | 1.3            |
| Appropriations to Trust Funds .....                | 1.9            | 0.0                         | 0.0            |
| Subtotal, Agricultural Marketing<br>Programs ..... | 58.7           | 57.3                        | 58.3           |
| <b>Section 32 Funds:</b>                           |                |                             |                |
| Marketing Agreements and Orders ...                | 9.3            | 10.3                        | 0.4            |
| Financed from New User Fees .....                  | 0.0            | 0.0                         | 10.7           |
| Commodity Purchase Services .....                  | 6.0            | 6.0                         | 6.1            |
| <b>Perishable Agricultural Commodities</b>         |                |                             |                |
| Act Trust Fund .....                               | 7.9            | 7.6                         | 7.8            |
| Ongoing User Fees and Trust Funds ...              | 152.7          | 154.2                       | 151.4          |
| Total, AMS .....                                   | \$234.6        | \$235.4                     | \$234.7        |

## MARKETING AND INSPECTION PROGRAMS

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For 1994, the AMS budget proposes a program level of \$234.7 million of which \$176.1 million (75 percent) will be funded by user fees. Specific AMS activities include the following:

- Agricultural Marketing Programs. AMS administers a variety of programs that enhance the marketing and distribution of agricultural products. Activities include the dissemination of market information, inspection of egg products, development of grade standards, protection of producers, random testing of commodities for pesticide residues, promotion of agricultural products, and research and technical assistance aimed at improving efficiency of food marketing and distribution. The 1994 budget includes a proposal to collect \$1.7 million in new user fees for providing inspection services to egg processing plants beyond a single approved primary shift. Currently, user fees are collected to recover the cost of overtime inspection and holiday inspection. If a complete second shift can be scheduled, inspection services are provided without charge. To put large and small establishments on equal footing, establishments that operate beyond a single shift will be required to pay for 100 percent of the costs of those operations. These fees will have a minimal impact on prices.

The 1994 budget also includes a proposal to collect \$4.5 million in new user fees to recover the Federal government's cost of developing commodity grade standards. Development of commodity grade standards provide a direct benefit to the industry by helping to insure the orderly and efficient marketing and distribution commodities from the farm to domestic and foreign buyers.

- Section 32 Funds. These funds are used by AMS to administer marketing agreements and orders at the national level and for public hearings and producer referenda. Administration at the local level is financed through handler assessments. The 1994 budget includes a proposal to collect \$10.7 million in new user fees to recover the Federal government's cost of administering marketing agreements and orders.

Section 32 funds are used to finance the administrative costs associated with the purchase of commodities. Section 32 funds are also used by AMS to finance the administrative costs associated with the purchase of commodities that support domestic feeding programs, such as the National School Lunch Program. In addition, AMS is responsible for developing the specifications used for food procurement throughout the Federal government.

- Perishable Agricultural Commodities Act. This Act provides protection to producers, shippers, distributors, and retailers from unfair and fraudulent practices in the marketing of perishable agricultural commodities. Full and prompt payment for such products is a key objective of the program. The program is funded through an annual licensing fee assessed against marketers of such products.

## MARKETING AND INSPECTION PROGRAMS

- Ongoing User Fees and Trust Funds. AMS provides inspection, commodity grading, and classing services for dairy products, fresh and processed fruits and vegetables, meat and meat products, poultry, eggs, tobacco, and cotton. AMS recovers the cost of these services through user fees.

### FEDERAL GRAIN INSPECTION SERVICE (FGIS)

Program Level  
(Dollars in Millions)

| Program                  | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|--------------------------|----------------|-----------------------------|----------------|
| Appropriated Funds ..... | \$11.4         | \$11.4                      | \$4.7          |
| User Fees .....          | 31.5           | 42.8                        | 49.7           |
| Total, FGIS .....        | <u>\$42.9</u>  | <u>\$54.2</u>               | <u>\$54.4</u>  |

The Federal Grain Inspection Service establishes official U.S. standards for grain, conducts weighing and inspection activities, and inspects other agricultural products, such as rice, dry beans and peas, processed grain products, and hops.

The 1994 budget proposes a program level of \$54.4 million. This request proposes the collection of user fees for developing grain standards. It is estimated that \$6.9 million will need to be collected to sustain these services, which could mean an increase of up to 20 percent to the fees for grain inspection. Compliance activities will continue to be financed from appropriated funds.

### AGRICULTURAL COOPERATIVE SERVICE (ACS)

Program Level  
(Dollars in Millions)

| Program                           | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|-----------------------------------|----------------|-----------------------------|----------------|
| Agricultural Cooperative Service: |                |                             |                |
| Research .....                    | \$3.5          | \$3.5                       | \$3.6          |
| Technical Assistance:             |                |                             |                |
| Appropriation .....               | 2.1            | 2.1                         | 1.7            |
| User Fees .....                   | <u>0.0</u>     | <u>0.0</u>                  | <u>0.4</u>     |
| Total, ACS .....                  | <u>\$5.6</u>   | <u>\$5.6</u>                | <u>\$5.7</u>   |

## MARKETING AND INSPECTION PROGRAMS

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The Agricultural Cooperative Service provides technical assistance and conducts research on economic, financial, organizational, managerial, legal, social, and other related issues that affect cooperatives. The 1994 budget includes a proposal to collect \$0.4 million in new user fees for technical assistance provided to cooperatives with annual revenues of \$20 million or more and at least a three-year history of sustained profitability.

### PACKERS AND STOCKYARDS ADMINISTRATION (PSA)

Program Level  
(Dollars in Millions)

| Program                               | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|---------------------------------------|----------------|-----------------------------|----------------|
| Packers and Stockyards Administration | \$12.0         | \$12.0                      | \$12.2         |

The Packers and Stockyards Administration works to assure the integrity of the livestock, meat, and poultry markets and the market place. This is accomplished through fostering fair and open competition and guarding against deceptive and fraudulent practices which affect meat and poultry prices. Producers, consumers and industry are protected from unfair business practices which can unduly affect meat and poultry distribution and prices.

The 1994 budget requests \$12.2 million, an increase of \$0.2 million to reflect annualization of the 1993 pay costs. PSA will continue to implement its Agencywide Information Management System (AIMS), survey the care and handling of downed animals at stockyards, and study packer concentration funded in 1992.

## ECONOMICS AND STATISTICS

### ECONOMICS AND STATISTICS

Program Level  
(Dollars in Millions)

| Program                                      | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|----------------------------------------------|----------------|-----------------------------|----------------|
| Economic Research Service . . . . .          | \$59.3         | \$59.3                      | \$51.8         |
| National Agricultural Statistics Service . . | 82.9           | 81.3                        | 82.7           |
| World Agricultural Outlook Board . . . . .   | 2.5            | 2.5                         | 2.6            |
| Total, Economics and Statistics . . . . .    | <u>\$144.7</u> | <u>\$143.1</u>              | <u>\$137.1</u> |

### ECONOMIC RESEARCH SERVICE (ERS)

ERS provides agricultural economic information and analysis that addresses the concerns and the decisionmaking needs of farmers, consumers, extension workers, private analysts, processors, marketers, and government officials. For example, ERS monitors, analyzes, and forecasts U.S. and world agricultural production and demand for production resources, agricultural commodities, and food and fiber products. ERS also measures the costs of and returns to agricultural production and marketing, evaluates the economic performance of U.S. agricultural production and marketing, and estimates the effects of Government policies and programs on farmers, rural residents and communities, natural resources, and the public.

The 1994 budget proposes a net decrease of \$7.5 million below the 1993 estimate, which is a \$10.2 million reduction below the baseline. This net decrease includes an \$8.8 million program reduction which will be achieved through a combination of improved program efficiencies, consolidation of staff around issues and subject matters most essential to the Department's policymaking needs, and reductions in travel related training and meeting participation, data purchases and support services. For 1994 through 1997, the President's budget plan includes a total program savings of about \$59 million. This is a 22 percent reduction from current activities and will be achieved through further staff reductions and a continued refocusing of ERS analyses on the Department's most essential issues.

### NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

NASS collects and reports statistical data on crop and livestock production, inventories, prices and other agricultural economic indicators. It provides critical data for use within the Department as well as for farmers, marketers, private and public sector analysts and

## **ECONOMICS AND STATISTICS**

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officials. Agricultural estimates are made by a central office in Washington, D.C., and by State statistical offices which are typically operated as joint State and Federal services. The agency also conducts and coordinates research on statistical techniques.

### **WORLD AGRICULTURAL OUTLOOK BOARD (WAOB)**

WAOB serves as the single focal point for the Nation's economic intelligence related to domestic and international food and agriculture, and is responsible for coordination and clearance of all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department.

## DEPARTMENTAL ACTIVITIES

### DEPARTMENTAL OFFICES AND ACTIVITIES

| Program Level<br>(Dollars in Millions)                        |                |                             |                |
|---------------------------------------------------------------|----------------|-----------------------------|----------------|
| Program                                                       | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
| Departmental Offices:                                         |                |                             |                |
| Office of the Secretary .....                                 | \$8.7          | \$9.0                       | \$9.1          |
| Departmental Administration                                   |                |                             |                |
| Staff Offices .....                                           | 25.4           | 25.8                        | 27.3           |
| Office of Budget and Program                                  |                |                             |                |
| Analysis .....                                                | 6.1            | 5.8                         | 5.9            |
| Office of Public Affairs .....                                | 9.4            | 9.4                         | 9.6            |
| Office of the Inspector General .....                         | 62.8           | 62.8                        | 63.9           |
| Office of the General Counsel .....                           | 24.6           | 24.6                        | 25.0           |
| Subtotal .....                                                | 137.0          | 137.4                       | 140.8          |
| Centrally Financed Activities:                                |                |                             |                |
| Advisory Committees .....                                     | 2.0            | 1.0                         | 1.0            |
| Building Operations and                                       |                |                             |                |
| Maintenance .....                                             | 25.7           | 25.7                        | 25.6           |
| Rental Payments .....                                         | 50.7           | 50.3                        | 50.5           |
| Hazardous Waste Management .....                              | 26.3           | 16.0                        | 16.0           |
| Gifts and Bequests .....                                      | .8             | 2.7                         | 2.7            |
| Subtotal .....                                                | 105.5          | 95.7                        | 95.8           |
| Total, Departmental Offices and<br>Centralized Services ..... | \$242.5        | \$233.1                     | \$236.6        |

Consistent with all other USDA agencies, the 1994 budget for the Departmental Offices and Activities reflects a 3 percent reduction in administrative expenses from the amount available in the 1993 budget adjusted for inflation; an increase for non-salary costs and annualization of the 1993 pay raise; and a decrease for FTS 2000 funding.

Office of the Secretary. The Office of the Secretary, Deputy Secretary, Under Secretaries, Assistant Secretaries and their immediate staff, direct and coordinate the work of the Department. This includes developing policy and maintaining liaison with the Executive Office of the President and members of Congress on matters pertaining to USDA programs.

## DEPARTMENTAL ACTIVITIES

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Departmental Administration (DA) Staff Offices. Under the jurisdiction of the Assistant Secretary for Administration, the Staff Offices provide overall direction, coordination and technical assistance to USDA's agencies in the development and implementation of Departmental policies for the administrative management functions of the Department. The Staff Offices include: Operations, Personnel, Finance and Management (OFM), Information Resources Management (OIRM), and Advocacy and Enterprise. Also included in the DA area are the Offices of Administrative Law Judges and Judicial Officer, and the Emergency Programs Office.

The 1994 request for Departmental Administration includes an increase for two areas needing stronger centralized oversight to correct deficiencies -- Financial Management and Information Resources Management. Improvements in these areas should result in savings in Department costs over the long-term.

Financial Management. The DA request for 1994 includes an increase of \$616,000 above the 1993 appropriation for OFM. The additional funds are requested to implement much needed financial systems oversight as required by the Chief Financial Officers' Act, to correct deficiencies in the Department's financial management systems that have been identified by the USDA Inspector General, and to provide better stewardship over the substantial resources entrusted to USDA.

Information Resources Management. The DA request for 1994 includes an increase of \$384,000 above the 1993 appropriation for OIRM. These funds are requested to provide expertise to guide the development of an integrated information management system that will improve the sharing of information among USDA agencies and to implement systems to ease the paperwork burden on farmers. These actions should result in savings by eliminating current system incompatibilities and redundancies.

Office of Budget and Program Analysis. OBPA provides direction and administration of the Department's budgetary functions; reviews program and legislative proposals for program and budget related implications; analyzes program resources issues and alternatives; and provides departmentwide coordination for and participation in the presentation of budget related matters to the committees of the Congress, the press and the public. OBPA also provides departmentwide coordination of the preparation and processing of the legislative program and legislative reports and departmentwide coordination and processing of regulations.

Office of Public Affairs. OPA provides leadership, expertise, and counsel for the development of public affairs strategies for the programs of the Department of Agriculture. In addition, the Office maintains USDA liaison with the White House and State and local government officials including Indian Tribal Councils and the organizations representing these officials and councils.

## DEPARTMENTAL ACTIVITIES

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The Secretary has announced plans to consolidate the various agency press offices throughout the Department into one Office of Communications in an effort to reduce overhead costs and provide a more effective organization. Final decisions on the structure of the Office of Communications have not been made in time for inclusion in the 1994 Budget.

Office of the Inspector General. OIG conducts and supervises audits and investigations relating to programs and operations of the Department, recommends policies and activities to promote economy and efficiency, recommends policies and activities to prevent and detect fraud and mismanagement in operation of the Department, and keeps the Secretary and the Congress fully informed about problems and deficiencies relating to the administration of the Department's programs.

Office of the General Counsel. OGC serves as the legal advisor and counsel for the Secretary and the program agencies of the Department. The Office provides legal services for the Department, which include but are not limited to: providing legal advice, representing the Department in administrative proceedings, assisting the Department of Justice in cases involving the USDA, and representing the Secretary and the Commodity Credit Corporation before the Interstate Commerce Commission, the Federal Maritime Commission and the Interstate Trade Commission.

Centrally Financed Activities. These centralized activities are managed by the DA Staff Offices and provide services to USDA agencies. Each activity is a separate appropriation.

## MULTIAGENCY PROGRAMS

### FCCSET RESEARCH INITIATIVES

USDA participates in the National research and development (R&D) programs coordinated by the Federal Coordinating Council for Science, Engineering and Technology (FCCSET). FCCSET coordinates research efforts of Federal agencies and private industry to facilitate Federal R&D activities. USDA research programs support several of the FCCSET initiatives, including Advanced Materials, Global Change Research, Math and Science Education, Advanced Manufacturing, and Biotechnology.

### ADVANCED MATERIALS

Program Level  
(Dollars in Millions)

| Program                                                              | 1993           |                     |                |
|----------------------------------------------------------------------|----------------|---------------------|----------------|
|                                                                      | 1992<br>Actual | Current<br>Estimate | 1994<br>Budget |
| Agricultural Research Service . . . . .                              | \$32.4         | \$32.4              | \$32.8         |
| Alternative Agricultural Research<br>and Commercialization . . . . . | 1.9            | 2.9                 | 8.0            |
| Cooperative State Research Service . . .                             | 0.1            | 0.1                 | 3.0            |
| Forest Service . . . . .                                             | 1.9            | 2.0                 | 2.0            |
| Total, Advanced Materials . . . . .                                  | <u>\$36.3</u>  | <u>\$37.4</u>       | <u>\$45.8</u>  |

USDA is one of ten Federal Agencies participating in the Advanced Materials and Processing Program (AMPP) of FCCSET. The AMPP is a coordinated initiative to encourage the development of improved materials to meet industrial and consumer demands. Efforts focus on synthesis and processing and expanding the technological applications of materials. As part of this initiative, USDA agencies involve Federal and university research scientists as well as private industry in the advancement of materials science based on agricultural and forestry commodities as inputs. Increases proposed in 1994 for USDA include funds in CSRS to develop advanced nylons, plastics and fluids from crops and expanding the AARC program to assure the commercial adoption of new materials technology. In addition to these funds, CSRS also supports about \$5 million in related formula and competitive research grants to universities.

## MULTIAGENCY PROGRAMS

### GLOBAL CHANGE

Program Level  
(Dollars in Millions)

| Program                                  | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|------------------------------------------|----------------|-----------------------------|----------------|
| Agricultural Research Service . . . . .  | \$9.6          | \$10.0                      | \$10.1         |
| Cooperative State Research Service . . . | 11.4           | 11.4                        | 12.9           |
| Economic Research Service . . . . .      | 0.8            | 0.8                         | 0.8            |
| Forest Service . . . . .                 | 23.3           | 22.3                        | 22.3           |
| Farm Service Agency . . . . .            | 1.5            | 1.5                         | 1.5            |
| Total, Global Change . . . . .           | <u>\$46.6</u>  | <u>\$46.0</u>               | <u>\$47.6</u>  |

Agriculture and forestry concerns in the global change program focus on increases in atmospheric carbon dioxide, methane and nitrous oxides from forest land conversion, livestock and rice production and the application of chemical nitrogen fertilizers. Concern also focuses on levels of ultraviolet-B light and shifting temperature and moisture patterns which would have significant implications for agriculture and forestry. Informed decisions which might affect the production and supply of food and fiber products cannot be made until scientists better understand basic processes of carbon and nutrient cycling, climate and hydrologic cycles and soil formation. In addition to the directed global change programs described above, a number of other USDA research and data collection programs provide significant inputs into better understanding how crops, water and soils will respond to climate changes. Included are soil and water research and survey programs and plant and animal development programs to adapt to climate-related stresses. These important programs will be continued.

### MATH AND SCIENCE EDUCATION

Program Level  
(Dollars in Millions)

| Program                                  | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|------------------------------------------|----------------|-----------------------------|----------------|
| Agricultural Research Service . . . . .  | \$5.7          | \$6.5                       | \$5.0          |
| Cooperative State Research Service . . . | 16.6           | 16.6                        | 17.9           |
| Extension Service . . . . .              | 1.2            | 1.2                         | 1.2            |
| Total, Math and Science Education . . .  | <u>\$23.5</u>  | <u>\$24.3</u>               | <u>\$24.1</u>  |

## MULTIAGENCY PROGRAMS

USDA agencies are active participants in the FCCSET initiative to improve math and science education. The FCCSET Committee on Education and Human Resources and the Department of Education work with other Federal Agencies and States to combine resources in support of this goal. ARS and CSRS support research apprenticeship programs for minority and female high school students and approximately 100 new postdoctoral research associates join ARS labs each year. The 1890 Institution Capacity Building Grants Program, Agriculture in the Classroom, and CSRS higher education programs support this National initiative. Extension Service provides funding for AG\*SAT, a satellite-based network that delivers education programs in food, agriculture, and related natural resource sciences. Included in the CSRS budget for 1994 is increased funding for Capacity Building Grants and \$1 million to initiate a minority scholars program.

### ADVANCED MANUFACTURING

Program Level  
(Dollars in Millions)

| Program                                                              | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|----------------------------------------------------------------------|----------------|-----------------------------|----------------|
| Agricultural Research Service . . . . .                              | \$34.8         | \$34.8                      | \$42.3         |
| Alternative Agricultural Research<br>and Commercialization . . . . . | 0.5            | 0.9                         | 2.4            |
| Cooperative State Research Service . . .                             | 2.5            | 2.5                         | 2.9            |
| Forest Service . . . . .                                             | 2.4            | 2.4                         | 2.4            |
| Total, Advanced Manufacturing . . . . .                              | <u>\$40.2</u>  | <u>\$40.6</u>               | <u>\$50.0</u>  |

USDA is participating in this coordinated governmentwide program to develop and encourage the adoption of advanced manufacturing processes by American industry. Agricultural and forestry commodities can offer significant advantages -- including reduced imports, environmental benefits and increased development in rural areas -- as inputs for the manufacture of consumer and industrial products. With a proposed \$7.5 million increase for ARS, scientists will apply advanced research methods, such as bioconversion, enzyme engineering and improved membrane separation to develop improved means to produce new products, including biofuels. A portion of the increased program proposed for ARS will develop technology to improve farm production efficiency through the integration of biological, engineering and economic models. Increased funding proposed for AARC will support additional development and commercialization of new processing technologies in cooperation with private industry.

## MULTIAGENCY PROGRAMS

### BIOTECHNOLOGY

Program Level  
(Dollars in Millions)

| Program                                  | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|------------------------------------------|----------------|-----------------------------|----------------|
| Agricultural Research Service . . . . .  | \$110.3        | \$113.8                     | \$115.3        |
| Cooperative State Research Service . . . | 96.7           | 87.2                        | 66.7           |
| Economic Research Service . . . . .      | 0.2            | 0.2                         | 0.2            |
| Forest Service . . . . .                 | 6.2            | 8.5                         | 8.5            |
| Total, Biotechnology . . . . .           | <u>\$213.4</u> | <u>\$209.7</u>              | <u>\$190.7</u> |

Researchers are increasingly applying biotechnologies to solve problems encountered by producers and consumers of agricultural and forestry products. Application of these techniques, including tissue culture, gene mapping, gene transfer and recombinant DNA, provides scientists with more precise means to improve plants and animals, develop pest resistance and develop new products based on starch, oil and fiber inputs. Research supported by USDA is also improving the technologies available to researchers. Within the total funding for biotechnology, about \$1.7 million is devoted to a program of research on biotechnology risk assessment to meet needs of regulatory and research agencies. CSRS funding for biotechnology includes \$1.1 million for graduate fellowships. Decreased total biotechnology funding for CSRS reflects the elimination of earmarked special grants and facility projects partially offset by increased biotechnology investment proposed through the NRI.

## MULTIAGENCY PROGRAMS

### USDA INTERAGENCY PROGRAMS

Producers, processors and consumers of agricultural products face an array of challenging issues. New, advanced scientific and technical tools provide enhanced opportunities to effectively address these issues, but frequently require a multidisciplinary approach that exceeds the capacity of any single agency to deliver a solution. In many cases, an effective approach involves the coordinated input of talents from a number of agencies, including research, education, technical assistance and other program offices. USDA has a number of ongoing multiagency or interagency programs focused on complex issues, including developing biofuels and other new uses for agricultural commodities, providing nutrition education, assuring the safety of the food supply, addressing agriculture-related water quality concerns and encouraging the development of minority talent in the food and agricultural sciences. These programs help meet national goals to encourage rural development, lower the trade deficit, increase farm income, and facilitate the implementation of recent environmental legislation. The following set of tables provides a brief overview of major USDA interagency programs. In some cases activities contribute to several objectives and are shown on more than one table.

### BIOFUELS

Program Level  
(Dollars in Millions)

| Program                                                              | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|----------------------------------------------------------------------|----------------|-----------------------------|----------------|
| Agricultural Research Service . . . . .                              | \$2.6          | \$2.8                       | \$4.5          |
| Alternative Agricultural Research<br>and Commercialization . . . . . | 0.0            | 2.3                         | 4.0            |
| Cooperative State Research Service . . .                             | 2.1            | 2.2                         | 2.6            |
| Economic Research Service . . . . .                                  | 1.1            | 1.1                         | 1.1            |
| Forest Service . . . . .                                             | 0.2            | 0.3                         | 0.3            |
| Total, Biofuels . . . . .                                            | <u>\$6.0</u>   | <u>\$8.7</u>                | <u>\$12.5</u>  |

Implementation of the Clean Air Act amendments will increase the demand for oxygenated and alternative fuels. Agriculture and forestry based fuels, including ethanol and biodiesel substitutes, can supply a share of the demand for these new fuels. In addition to environmental benefits, agriculture based fuels will increase demand for commodities and improve farm income, lower farm program costs, improve the Nation's energy security, and enhance our balance of trade.

USDA proposes an expanded research and development program on the production and processing of agricultural products to provide the basis for economically viable production

## MULTIAGENCY PROGRAMS

of biofuels. Additional funding is proposed for research at Federal labs and for competitive grants to support research at universities and other institutions. Proposed research programs have been planned in coordination with other government agencies, including the Department of Energy.

### NEW USES FOR AGRICULTURAL COMMODITIES

Program Level  
(Dollars in Millions)

| Program                                                              | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|----------------------------------------------------------------------|----------------|-----------------------------|----------------|
| Agricultural Marketing Service . . . . .                             | \$0.1          | \$0.5                       | \$0.5          |
| Agricultural Research Service . . . . .                              | 65.9           | 73.8                        | 79.1           |
| Alternative Agricultural Research<br>and Commercialization . . . . . | 0.3            | 9.2                         | 16.0           |
| Cooperative State Research Service . . .                             | 21.6           | 21.1                        | 25.5           |
| Economic Research Service . . . . .                                  | 0.3            | 0.1                         | 0.1            |
| Extension Service . . . . .                                          | 0.0            | 0.0                         | 0.2            |
| Forest Service . . . . .                                             | 8.7            | 9.3                         | 9.4            |
| Total, New Uses . . . . .                                            | <u>\$96.9</u>  | <u>\$114.0</u>              | <u>\$130.8</u> |

American farmers are among the world's most efficient and reliable producers of food and fiber commodities for domestic use and export. While international markets in bulk commodities are becoming more competitive, opportunities exist to address environmental and other societal concerns through the development of agriculture-based industrial and consumer products. New value-added uses based on agriculture and forestry commodities can enhance U.S. competitiveness in international markets, increase farm income and reduce farm program costs, increase employment and provide new economic opportunities for rural residents. USDA proposes an increased research program to apply advanced biotechnologies, process engineering and other research techniques to develop new materials and products to serve a variety of markets. The USDA program includes funds for projects in the governmentwide initiatives on advanced materials and advanced manufacturing research as well as other new uses for commodities. Potential new uses include totally biodegradable plastics, biopesticides manufactured from starch, industrial lubricants and coatings, and natural additives for foods. Funds will support research at Federal labs and competitive grants to university and other scientists and will support commercialization activities through AARC. Research programs are coordinated with the Department of Energy, the Environmental Protection Agency, and the Department of Defense.

## MULTIAGENCY PROGRAMS

### HUMAN NUTRITION RESEARCH, EDUCATION, AND MONITORING

Program Level  
(Dollars in Millions)

| Program                                                                 | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|-------------------------------------------------------------------------|----------------|-----------------------------|----------------|
| Agricultural Research Service . . . . .                                 | \$49.9         | \$49.7                      | \$50.1         |
| Cooperative State Research Service . . .                                | 12.3           | 12.5                        | 14.9           |
| Economic Research Service . . . . .                                     | 1.1            | 1.5                         | 1.5            |
| Extension Service . . . . .                                             | 77.7           | 84.7                        | 94.1           |
| Food and Nutrition Service . . . . .                                    | 136.4          | 153.1                       | 165.7          |
| Food Safety and Inspection Service . . . .                              | 0.1            | 0.1                         | 0.1            |
| Human Nutrition Information Service . . .                               | 10.3           | 7.9                         | 12.6           |
| National Agricultural Library . . . . .                                 | 0.7            | 0.7                         | 0.7            |
| Total, Human Nutrition Research,<br>Education, and Monitoring . . . . . | <u>\$288.5</u> | <u>\$310.2</u>              | <u>\$339.7</u> |

The budget proposes funding adequate to ensure that Federal dietary guidance is based on sound science, that food and nutrient consumption data are accurately gathered and interpreted; and that low income adults, children, and especially vulnerable individuals such as pregnant or lactating women, understand the importance of maintaining a healthy diet. Funding is also included to ensure that Child Nutrition Program operators will have the tools necessary to apply the Dietary Guidelines to their meal programs; and that Extension workers can provide educational assistance to food stamp recipients and other members of low-income households. For pregnant, lactating women, and their children, in addition to the nutrition education and breast-feeding instruction provided through WIC, Extension Service funds are proposed to provide intensive training to the neediest WIC participants to substantially improve the composition of their diet. As part of a multiagency, multi-year plan for nutrition monitoring and related research, USDA will also place increased emphasis on the coordination of its nutrition research, education, and nutrition monitoring activities with those of other agencies.

## MULTIAGENCY PROGRAMS

### FOOD SAFETY

Program Level  
(Dollars in Millions)

| Program                                      | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|----------------------------------------------|----------------|-----------------------------|----------------|
| Agricultural Marketing Service . . . . .     | \$24.4         | \$24.3                      | \$24.6         |
| Agricultural Research Service . . . . .      | 36.0           | 36.0                        | 36.4           |
| Cooperative State Research Service . . .     | 10.3           | 10.4                        | 9.7            |
| Economic Research Service . . . . .          | 2.5            | 2.8                         | 2.0            |
| Extension Service . . . . .                  | 1.5            | 1.5                         | 2.0            |
| Federal Grain Inspection Service . . . . .   | 0.3            | 0.3                         | 0.3            |
| Food Safety and Inspection Service . . . .   | 534.0          | 558.6                       | 585.7          |
| Human Nutrition Information Service . . .    | 0.5            | 0.5                         | 0.5            |
| National Agricultural Statistics Service . . | 3.5            | 3.5                         | 3.5            |
| Total, Food Safety . . . . .                 | <u>\$613.0</u> | <u>\$637.9</u>              | <u>\$664.7</u> |

USDA is responsible for assuring the safety of the Nation's meat, poultry and egg supply and also has a major role in other food safety issues, including mycotoxins and pesticide residues. Close coordination of the efforts of a number of USDA agencies assures the development and application of improved technologies to examine microbial contamination, pesticide and drug residues and natural toxicants, such as mycotoxins. Major efforts include inspection of meat, poultry and egg products, a pesticide data program designed to collect and analyze data on actual exposure levels in fruits and vegetables, development of new information and methods to detect and control microbial contamination of meat, poultry and eggs and improved techniques to control mycotoxins in foods. Research programs provide scientific and economic analytic support to the Department's inspection programs for meat, poultry and eggs and also support education programs for food producers, handlers and consumers. Programs are closely coordinated with those of the Food and Drug Administration. The budget requests an increase for 1994, largely for increased meat and poultry inspectors and the long-term investment to improve methodology for inspecting pathogens in meat and poultry.

## MULTIAGENCY PROGRAMS

### WATER QUALITY

Program Level  
(Dollars in Millions)

| Program                                  | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|------------------------------------------|----------------|-----------------------------|----------------|
| Agricultural Research Service . . . . .  | \$50.7         | \$51.6                      | \$52.3         |
| Cooperative State Research Service . . . | 31.8           | 33.3                        | 31.2           |
| Economic Research Service . . . . .      | 4.1            | 4.1                         | 4.1            |
| Extension Service . . . . .              | 25.5           | 25.5                        | 25.5           |
| Farm Service Agency . . . . .            | 100.5          | 94.5                        | 97.8           |
| National Agricultural Library . . . . .  | 0.3            | 0.3                         | 0.3            |
| Total, Water Quality . . . . .           | <u>\$212.9</u> | <u>\$209.3</u>              | <u>\$211.2</u> |

USDA conducts a coordinated water quality program that consists of four components: research; economic data collection and analysis; technology development and application; and project implementation. The research program includes a major project in the midwest that brings together research resources from USDA, the States, and other Federal agencies to work on problems related to corn and soybean production. The economic data collection and analysis program provides critical information from a series of 3 to 4-year on-farm surveys of agricultural chemical use and production practices. The Extension Service and the Farm Service Agency carry out various types of projects where program resources (technical, educational, and financial assistance) are focused on identified problems in geographically defined areas.

## MULTIAGENCY PROGRAMS

### 1890 INSTITUTIONS, TUSKEGEE UNIVERSITY AND OTHER HISTORICALLY BLACK INSTITUTIONS

Program Level  
(Dollars in Millions)

| Program                                  | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|------------------------------------------|----------------|-----------------------------|----------------|
| Agricultural Research Service . . . . .  | \$0.8          | \$0.8                       | \$1.3          |
| Cooperative State Research Service . . . | 41.5           | 41.4                        | 41.8           |
| Extension Service . . . . .              | 36.2           | 34.7                        | 37.7           |
| Farm Service Agency . . . . .            | 5.5            | 6.4                         | 6.2            |
| Forest Service . . . . .                 | 3.1            | 3.7                         | 4.3            |
| Other Agencies . . . . .                 | 2.1            | 2.4                         | 2.5            |
| Total, 1890's Institutions . . . . .     | <u>\$89.2</u>  | <u>\$89.4</u>               | <u>\$93.8</u>  |

An initiative to develop the capacity of the 1890 colleges was begun in 1988 with the broad objective of improving the ties between the Department and the 17 historically black institutions established under the second Morrill Act of 1890. The centerpiece of the effort is the CSRS Capacity Building Grants program, which is budgeted at \$11.5 million in 1994. The 1890's will also receive increases in formula payments for research and extension programs, and ES grants for facilities to serve research, extension, and/or teaching functions.

Beginning in 1994, the Department proposes to establish two centers of excellence:

- 1) The Horticulture Center at Tennessee State University in cooperation with the Agricultural Research Service and the Extension Service, and
- 2) the Forestry Center at Alabama A&M in cooperation with the Forest Service.

# STIMULUS SUPPLEMENTAL

## STIMULUS SUPPLEMENTAL

Program Level  
(Dollars in Millions)

| Program                                                                   | 1993<br>Base | 1993<br>Stimulus |
|---------------------------------------------------------------------------|--------------|------------------|
| Rural Development Initiative:                                             |              |                  |
| Water and Waste Disposal:                                                 |              |                  |
| Loans . . . . .                                                           | \$635.0      | \$467.6          |
| Grants . . . . .                                                          | 415.6        | 281.8            |
| Very Low-Income Housing Repair:                                           |              |                  |
| Loans . . . . .                                                           | 24.5         | 2.8              |
| Grants . . . . .                                                          | 22.5         | 5.6              |
| Single Family Housing:                                                    |              |                  |
| Guaranteed Loans . . . . .                                                | 329.5        | 234.8            |
| Subtotal, Rural Development Initiative . .                                | 1,427.1      | 992.6            |
| Forest Service:                                                           |              |                  |
| Natural Resource Protection and<br>Environmental Infrastructure . . . . . | 1,562.5      | 187.8            |
| Soil Conservation Service:                                                |              |                  |
| Watershed and Flood Prevention<br>Operations . . . . .                    | 240.3        | 47.0             |
| Agricultural Research Service:                                            |              |                  |
| Building and Facilities . . . . .                                         | 34.5         | 37.6             |
| Food Safety and Inspection Service . . . . .                              | 489.7        | 4.0              |
| Food and Nutrition Service:                                               |              |                  |
| Women, Infants, and Children (WIC) . . . . .                              | 2,899.0      | 75.0             |
| Emergency Food Assistance Program:                                        |              |                  |
| Commodity Purchases . . . . .                                             | 162.3        | 23.5             |
| Child and Adult Care Food Program,<br>Head Start Expansion . . . . .      | 1,319.0      | 56.0             |
| Total, Stimulus . . . . .                                                 | \$8,134.4    | \$1,423.5        |

NOTE: For budget authority and outlays associated with these items see page 96.

## STIMULUS SUPPLEMENTAL

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The President's Economic Stimulus proposal includes 1993 supplemental spending authority of over \$1.4 billion for the Department. Major proposals include:

- Rural development:

- An additional \$467.6 million in loans and \$281.8 million in grants is included to fund rural water and waste disposal systems. These programs provide assistance to low income rural communities to alleviate health and sanitation problems. Currently, there is a backlog of \$1.5 billion in loan applications and \$600 million for grant applications. This means work can begin shortly after the funds are made available. The additional funding will create an increase in employment primarily in the construction trades. However, the provision of water and sewer systems can also provide the basis for new, long-term economic activity (page 39).
- An additional \$234.8 million is included for single family housing guaranteed loans to help meet the need for housing credit. This program is relatively new, but is becoming popular with the mortgage lending industry. Many states have exhausted their funds for 1993. Total 1993 funding of \$329.5 million is expected to be used by May 1993. Additional funds will increase opportunities for rural employment in 1993 by about 800 jobs in the construction trades (page 34).
- An additional \$2.8 million in loans and \$5.6 million in grants is included for housing repairs for very low income applicants. This program provides opportunities for very low income applicants to repair or rehabilitate existing homes. The funds can be used for a variety of purposes, including installation of handicapped equipment, connecting to water and sewage facilities, replacing roofs, and other features that help meet housing codes. These grants are reserved for very low income elderly applicants (page 34).

- Environment:

- An additional \$187.8 million is included for enhanced natural resource protection and environmental infrastructure on national forests. This is one part of an Administration proposal to protect and rehabilitate America's inventory of natural and cultural assets, restore the facilities that protect these resources, and improve public access to them (page 55).
- An additional \$47 million is included to fund small watershed improvement projects to make emergency repairs to damage from natural disasters, to reduce flooding and soil erosion, and to make improvements that will enhance the prospects for local economic growth (page 29).

## STIMULUS SUPPLEMENTAL

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- An additional \$37.6 million is included to finance repairs and accelerate hazardous waste clean-up at aging Federal agricultural research laboratories. Projects include renovation of obsolete laboratory facilities, repair of building deficiencies and removal of underground storage tanks and clean-up of pesticide spills. Scientists must work in up-to-date environmentally sound facilities (page 17).
- Food Safety and Nutrition:
  - An additional \$4 million is included to hire 160 additional meat and poultry inspectors. Adding more inspectors will not eliminate the limitations of the current meat inspection system which is based on visual examination. However, the Administration is determined to make the current system work as well as possible while we seek better long-term solutions. This additional funding will help to fill current vacancies in the present system (page 64).
  - An additional \$75 million is included for the Women, Infants, and Children (WIC) Program as a first step toward providing full funding for that critical program. WIC participation is increasing from 5.4 million in 1992 to 6 million in 1993 with up to 300,000 additional participants supported by this increase (page 57).
  - An additional \$23.5 million is proposed for the Emergency Food Assistance Program for the purchase of commodities to be provided to needy low income persons during the first quarter of 1994. This funding will assure a continuous supply of these urgently needed commodities throughout the remainder of this year (page 57).
  - An additional \$56 million to provide nutritious meals to the additional children who will be added to the Head Start Program under the President's proposals (page 57).

Budget Authority  
(Dollars in Thousands)

| Agency                                               | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|------------------------------------------------------|----------------|-----------------------------|----------------|
| <b>SCIENCE AND EDUCATION</b>                         |                |                             |                |
| Agricultural Research Service .....                  | \$736,156      | \$740,395                   | \$707,966      |
| Cooperative State Research Service .....             | 507,482        | 485,094                     | 431,407        |
| Extension Service .....                              | 419,325        | 424,928                     | 431,264        |
| National Agricultural Library .....                  | 17,790         | 17,815                      | 18,015         |
| ALTERNATIVE AGRI. RESEARCH & COMMERCIALIZATION ..... | 4,500          | 7,250                       | 20,000         |
| <b>INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS</b>  |                |                             |                |
| Agri. Stabilization & Conservation Serv. ....        | 2,639,614      | 2,544,020                   | 0              |
| Foreign Agricultural Service .....                   | 110,523        | 110,023                     | 113,866        |
| Commodity Credit Corporation .....                   | 16,635,311     | 15,795,680                  | 11,711,617     |
| Office of International Cooperation & Dev. .         | 11,694         | 10,747                      | 10,789         |
| P.L. 480 .....                                       | 954,720        | 1,026,723                   | 1,054,584      |
| <b>NATURAL RESOURCES AND ENVIRONMENT</b>             |                |                             |                |
| Soil Conservation Service .....                      | 900,386        | 944,887                     | 0              |
| Forest Service .....                                 | 3,350,365      | 3,514,596                   | 3,394,087      |
| FARM SERVICE AGENCY .....                            | 0              | 0                           | 6,417,843      |
| <b>SMALL COMMUNITY AND RURAL DEVELOPMENT</b>         |                |                             |                |
| Farmers Home Administration .....                    | 4,650,008      | 2,528,708                   | 0              |
| Rural Development Administration .....               | 1,416,283      | 1,503,545                   | 1,350,472      |
| Federal Crop Insurance Corporation .....             | 583,370        | 595,742                     | 452,584        |
| Rural Electrification Administration .....           | -366,010       | -1,212,628                  | -1,423,515     |
| <b>FOOD AND CONSUMER SERVICES</b>                    |                |                             |                |
| Food and Nutrition Service .....                     | 33,067,448     | 38,622,341                  | 42,739,650     |
| Section 32 .....                                     | 423,098        | 627,768                     | 521,515        |
| Human Nutrition Information Service .....            | 10,788         | 10,788                      | 13,142         |
| <b>MARKETING AND INSPECTION SERVICES</b>             |                |                             |                |
| Food Safety Inspection Service .....                 | 475,320        | 495,655                     | 415,698        |
| Animal and Plant Health Inspection Service .         | 470,300        | 461,016                     | 455,278        |
| Agricultural Marketing Service .....                 | 163,374        | 162,312                     | 144,184        |
| Federal Grain Inspection Service .....               | 11,397         | 11,397                      | 4,685          |
| Agricultural Cooperative Service .....               | 5,640          | 5,640                       | 5,283          |
| Packers and Stockyards Administration .....          | 12,009         | 11,996                      | 12,203         |
| <b>ECONOMICS</b>                                     |                |                             |                |
| Economic Research Service .....                      | 59,302         | 59,325                      | 51,850         |
| National Agricultural Statistics Service ...         | 82,906         | 81,254                      | 82,722         |
| World Agricultural Outlook Board .....               | 2,452          | 2,537                       | 2,582          |
| <b>ADMINISTRATION</b>                                |                |                             |                |
| Office of the Secretary .....                        | 8,716          | 8,971                       | 9,145          |
| Departmental Administration .....                    | 25,385         | 25,798                      | 27,298         |
| Hazardous Waste Management .....                     | 26,350         | 16,000                      | 16,000         |
| Rental Payments and Building Operations ....         | 76,379         | 76,013                      | 76,084         |
| Advisory Committees .....                            | 2,038          | 952                         | 952            |
| Office of Public Affairs .....                       | 9,393          | 9,393                       | 9,553          |
| Office of the Inspector General .....                | 62,786         | 62,786                      | 63,918         |
| Office of Budget and Program Analysis .....          | 6,149          | 5,756                       | 5,853          |
| Office of the General Counsel .....                  | 24,554         | 24,554                      | 25,045         |
| Gifts and Bequests .....                             | 757            | 2,728                       | 2,728          |
| Offsetting Receipts .....                            | -1,310,005     | -1,676,296                  | -1,828,276     |
| TOTAL, U.S. DEPARTMENT OF AGRICULTURE ....           | \$66,288,053   | \$68,146,209                | \$67,548,071   |

UNITED STATES DEPARTMENT OF AGRICULTURE  
Outlays  
(Dollars in Thousands)

| Agency                                              | 1992<br>Actual | 1993<br>Current<br>Estimate | 1994<br>Budget |
|-----------------------------------------------------|----------------|-----------------------------|----------------|
| <b>SCIENCE AND EDUCATION</b>                        |                |                             |                |
| Agricultural Research Service .....                 | \$686,469      | \$715,242                   | \$699,594      |
| Cooperative State Research Service .....            | 426,295        | 461,931                     | 482,670        |
| Extension Service .....                             | 404,355        | 423,720                     | 417,247        |
| National Agricultural Library .....                 | 15,355         | 17,058                      | 17,932         |
| ALTERNATIVE AGRI. RESEARCH & COMMERCIALIZATION      | 154            | 2,268                       | 5,513          |
| <b>INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS</b> |                |                             |                |
| Agri. Stabilization & Conservation Serv. ...        | 2,626,760      | 2,805,389                   | 0              |
| Foreign Agricultural Service .....                  | 117,303        | 110,023                     | 119,514        |
| Commodity Credit Corporation .....                  | 9,741,680      | 17,133,824                  | 11,988,348     |
| Office of International Cooperation & Dev. .        | 6,271          | 11,797                      | 11,619         |
| P.L. 480 .....                                      | 972,470        | 1,230,422                   | 1,071,825      |
| <b>NATURAL RESOURCES AND ENVIRONMENT</b>            |                |                             |                |
| Soil Conservation Service .....                     | 834,599        | 963,916                     | 0              |
| Forest Service .....                                | 3,293,472      | 3,447,389                   | 3,367,366      |
| FARM SERVICE AGENCY .....                           | 0              | 0                           | 6,086,221      |
| <b>SMALL COMMUNITY AND RURAL DEVELOPMENT</b>        |                |                             |                |
| Farmers Home Administration .....                   | 3,539,008      | 2,562,393                   | 0              |
| Rural Development Administration .....              | 924,622        | 1,055,629                   | 1,041,592      |
| Federal Crop Insurance Corporation .....            | 954,101        | 867,141                     | 834,050        |
| Rural Electrification Administration .....          | -933,982       | -310,296                    | -774,788       |
| <b>FOOD AND CONSUMER SERVICES</b>                   |                |                             |                |
| Food and Nutrition Service .....                    | 32,096,485     | 35,017,603                  | 37,593,209     |
| Section 32 .....                                    | 556,628        | 492,185                     | 467,600        |
| Human Nutrition Information Service .....           | 9,608          | 8,957                       | 11,864         |
| <b>MARKETING AND INSPECTION SERVICES</b>            |                |                             |                |
| Food Safety Inspection Service .....                | 467,962        | 495,655                     | 409,720        |
| Animal and Plant Health Inspection Service .        | 448,004        | 498,037                     | 453,188        |
| Agricultural Marketing Service .....                | 150,047        | 162,197                     | 143,166        |
| Federal Grain Inspection Service .....              | 10,504         | 10,827                      | 4,541          |
| Agricultural Cooperative Service .....              | 4,993          | 5,522                       | 5,218          |
| Packers and Stockyards Administration .....         | 10,891         | 11,996                      | 12,214         |
| <b>ECONOMICS</b>                                    |                |                             |                |
| Economic Research Service .....                     | 57,910         | 57,343                      | 51,623         |
| National Agricultural Statistics Service ...        | 80,063         | 80,643                      | 82,168         |
| World Agricultural Outlook Board .....              | 2,380          | 2,486                       | 2,533          |
| <b>ADMINISTRATION</b>                               |                |                             |                |
| Office of the Secretary .....                       | 8,066          | 8,817                       | 9,107          |
| Departmental Administration .....                   | 24,580         | 25,781                      | 27,074         |
| Hazardous Waste Management .....                    | 21,847         | 32,787                      | 24,110         |
| Rental Payments and Building Operations ....        | 71,601         | 76,254                      | 75,668         |
| Advisory Committees .....                           | 1,576          | 1,448                       | 948            |
| Office of Public Affairs .....                      | 9,463          | 9,444                       | 9,522          |
| Office of the Inspector General .....               | 60,116         | 62,959                      | 63,655         |
| Office of Budget and Program Analysis .....         | 5,520          | 5,827                       | 5,814          |
| Office of the General Counsel .....                 | 25,070         | 24,451                      | 25,002         |
| Gifts and Bequests .....                            | 1,369          | 2,728                       | 2,728          |
| Working Capital Fund .....                          | 13,844         | 0                           | 0              |
| Offsetting Receipts .....                           | -1,310,005     | -1,676,296                  | -1,828,276     |
| TOTAL, U.S. DEPARTMENT OF AGRICULTURE ....          | \$56,437,454   | \$66,915,497                | \$63,021,099   |

## UNITED STATES DEPARTMENT OF AGRICULTURE

## Staff Years

| Agency                                                                 | 1992<br>Actual | 1993<br>Estimate | 1994<br>Estimate | 1995<br>Estimate | 1996<br>Estimate | 1997<br>Estimate | 1998<br>Estimate |
|------------------------------------------------------------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>SCIENCE AND EDUCATION</b>                                           |                |                  |                  |                  |                  |                  |                  |
| Agricultural Research Service .....                                    | 8,332          | 8,150            | 8,100            | 7,923            | 7,923            | 7,917            | 7,855            |
| Cooperative State Research Service .....                               | 218            | 230              | 260              | 225              | 225              | 225              | 223              |
| Extension Service .....                                                | 200            | 180              | 180              | 176              | 176              | 176              | 175              |
| National Agricultural Library .....                                    | 216            | 209              | 209              | 204              | 204              | 204              | 203              |
| <b>INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS</b>                    |                |                  |                  |                  |                  |                  |                  |
| Agricultural Stabilization and<br>Conservation Service .....           | 3,353          | 3,349            | ----             | ----             | ----             | ----             | ----             |
| County Offices .....                                                   | (15,320)       | (15,476)         | ----             | ----             | ----             | ----             | ----             |
| Foreign Agricultural Service .....                                     | 898            | 898              | 898              | 878              | 878              | 878              | 871              |
| Office of International Cooperation<br>and Development .....           | 187            | 208              | 208              | 201              | 201              | 200              | 199              |
| <b>NATURAL RESOURCES AND ENVIRONMENT</b>                               |                |                  |                  |                  |                  |                  |                  |
| Forest Service .....                                                   | 43,427         | 41,155           | 41,237           | 41,380           | 41,329           | 41,129           | 40,936           |
| Soil Conservation Service .....                                        | 13,524         | 13,782           | ----             | ----             | ----             | ----             | ----             |
| <b>FARM SERVICE AGENCY</b>                                             |                |                  |                  |                  |                  |                  |                  |
| Farm Service Agency .....                                              | ----           | ----             | 28,181           | 26,620           | 25,303           | 24,053           | 22,865           |
| County Offices .....                                                   | ----           | ----             | (13,988)         | (13,289)         | (12,625)         | (11,994)         | (11,394)         |
| <b>SMALL COMMUNITY AND RURAL DEVELOPMENT</b>                           |                |                  |                  |                  |                  |                  |                  |
| Farmers Home Administration .....                                      | 12,261         | 12,446           | ----             | ----             | ----             | ----             | ----             |
| Rural Development Administration .....                                 | 140            | 402              | 402              | 393              | 393              | 393              | 390              |
| Rural Electrification Administration .....                             | 509            | 523              | 520              | 509              | 509              | 508              | 504              |
| Federal Crop Insurance Corporation .....                               | 826            | 865              | 845              | 827              | 827              | 826              | 819              |
| <b>FOOD AND CONSUMER SERVICES</b>                                      |                |                  |                  |                  |                  |                  |                  |
| Human Nutrition Information Service .....                              | 103            | 110              | 110              | 108              | 108              | 108              | 107              |
| Food and Nutrition Service .....                                       | 1,962          | 1,979            | 1,979            | 1,936            | 1,936            | 1,934            | 1,919            |
| <b>MARKETING AND INSPECTION SERVICES</b>                               |                |                  |                  |                  |                  |                  |                  |
| Federal Grain Inspection Service .....                                 | 680            | 750              | 750              | 734              | 734              | 733              | 727              |
| Animal and Plant Health Inspection<br>Service .....                    | 6,244          | 6,530            | 6,470            | 6,329            | 6,329            | 6,324            | 6,275            |
| Food Safety and Inspection Service .....                               | 9,642          | 9,722            | 9,877            | 10,042           | 10,292           | 10,342           | 10,392           |
| Agricultural Cooperative Service .....                                 | 70             | 69               | 69               | 67               | 67               | 67               | 67               |
| Agricultural Marketing Service .....                                   | 4,484          | 4,273            | 4,300            | 4,156            | 4,156            | 4,153            | 4,122            |
| Packers and Stockyards Administration .....                            | 186            | 191              | 191              | 187              | 187              | 187              | 185              |
| <b>ECONOMICS</b>                                                       |                |                  |                  |                  |                  |                  |                  |
| Economic Research Service .....                                        | 804            | 793              | 762              | 682              | 682              | 682              | 682              |
| National Agricultural Statistics Service .....                         | 1,162          | 1,155            | 1,145            | 1,121            | 1,121            | 1,120            | 1,110            |
| World Agricultural Outlook Board .....                                 | 30             | 35               | 35               | 34               | 34               | 34               | 34               |
| <b>ADMINISTRATION</b>                                                  |                |                  |                  |                  |                  |                  |                  |
| Office of the Secretary .....                                          | 86             | 97               | 97               | 95               | 95               | 95               | 94               |
| Alternative Agriculture Research and<br>Commercialization Center ..... | 2              | 7                | 7                | 7                | 7                | 7                | 7                |
| Departmental Administration .....                                      | 2,375          | 2,528            | 2,500            | 2,445            | 2,445            | 2,443            | 2,425            |
| Office of Budget and Program Analysis .....                            | 70             | 76               | 76               | 74               | 74               | 74               | 74               |
| Office of Public Affairs .....                                         | 139            | 156              | 156              | 153              | 153              | 152              | 151              |
| Office of the Inspector General .....                                  | 876            | 850              | 850              | 831              | 831              | 831              | 824              |
| Office of the General Counsel .....                                    | 402            | 420              | 408              | 399              | 399              | 398              | 395              |
| Total, USDA Staff Years .....                                          | 113,405        | 112,145          | 110,849          | 108,747          | 107,770          | 106,206          | 104,642          |

## UNITED STATES DEPARTMENT OF AGRICULTURE

1994 INVESTMENT PROPOSALS  
(Dollars in Millions)

| Program                                                                                | 1994 Budget      |           | 1994-97 Estimate |            |
|----------------------------------------------------------------------------------------|------------------|-----------|------------------|------------|
|                                                                                        | Budget Authority | Outlays   | Budget Authority | Outlays    |
| Rural Development Initiative:                                                          |                  |           |                  |            |
| Water and Waste Disposal:                                                              |                  |           |                  |            |
| Loan Subsidy .....                                                                     | \$31.9           | \$1.6     | \$149.7          | \$59.4     |
| Grants .....                                                                           | 140.0            | 5.6       | 740.0            | 281.2      |
| Business and Industry Loan Subsidy .....                                               | 1.9              | 0.5       | 15.9             | 10.0       |
| Community Facility Loan Subsidy .....                                                  | 32.8             | 4.8       | 177.7            | 99.2       |
| Intermediary Relending Program .....                                                   | 78.6             | 7.9       | 495.5            | 195.2      |
| Rural Development Grants .....                                                         | 30.0             | 3.3       | 180.0            | 93.8       |
| Single Family Housing Loan Subsidy .....                                               | 35.0             | 52.7      | 382.1            | 359.0      |
| Housing Repair Loan Subsidy .....                                                      | 11.7             | 10.8      | 69.8             | 68.2       |
| Housing Repair Grants .....                                                            | 18.0             | 17.1      | 137.4            | 135.9      |
| Rental Assistance Payments .....                                                       | 75.0             | 2.6       | 450.0            | 117.5      |
| Housing Vouchers .....                                                                 | 75.0             | 0.5       | 450.0            | 67.8       |
| Enhanced Telecommunications,<br>Including Distance Learning<br>and Medical Links ..... | 3.2              | 0.2       | 0.0              | 2.2        |
| Subtotal, Rural Development Initiative .....                                           | 501.2            | 106.0     | 3,098.4          | 1,430.0    |
| Food Safety and Inspection Service .....                                               | 18.0             | 14.0      | 120.0            | 111.0      |
| National Research Initiative .....                                                     | 30.0             | 2.0       | 480.0            | 188.0      |
| Food and Nutrition Service:                                                            |                  |           |                  |            |
| Women, Infants, and Children (WIC) .....                                               | 350.0            | 319.6     | 2,725.0          | 2,638.0    |
| Child and Adult Care Food Program .....                                                | 115.0            | 99.2      | 800.0            | 761.2      |
| Food Stamp Program .....                                                               | 603.0            | 584.9     | 5,758.0          | 5,705.1    |
| Emergency Food Assistance Program .....                                                | 40.0             | 40.0      | 244.0            | 244.0      |
| Natural Resource Protection and                                                        |                  |           |                  |            |
| Environmental Infrastructure .....                                                     | 79.0             | 56.1      | 565.0            | 465.2      |
| Forest for the Future .....                                                            | 30.0             | 24.0      | 180.0            | 170.0      |
| Tree Planting Initiative .....                                                         | 25.0             | 20.0      | 199.0            | 185.0      |
| Forestry Research Initiative .....                                                     | 20.0             | 16.0      | 287.0            | 261.0      |
| Governmentwide Technology Initiative .....                                             | 7.0              | 6.3       | 84.0             | 40.2       |
| Total Investments .....                                                                | \$1,818.2        | \$1,288.1 | \$14,540.4       | \$12,198.7 |

## UNITED STATES DEPARTMENT OF AGRICULTURE

1994 SAVINGS PROPOSALS  
(Dollars in Millions)

| Program                                                                                 | 1994 Budget      |         | 1994-97 Estimate |           |
|-----------------------------------------------------------------------------------------|------------------|---------|------------------|-----------|
|                                                                                         | Budget Authority | Outlays | Budget Authority | Outlays   |
| <b>DISCRETIONARY SAVINGS:</b>                                                           |                  |         |                  |           |
| Farm Service Agency:                                                                    |                  |         |                  |           |
| Create a Single Farm Service Agency .....                                               | \$61.0           | \$59.0  | \$735.0          | \$723.0   |
| Rural Electrification Administration:                                                   |                  |         |                  |           |
| Make Loans at Treasury Rates .....                                                      | 194.0            | 27.0    | 818.0            | 374.0     |
| Forest Service:                                                                         |                  |         |                  |           |
| Phase-out Below-cost Timber Sales .....                                                 | 46.0             | 46.0    | 274.0            | 274.0     |
| New User Fees:                                                                          |                  |         |                  |           |
| Food Safety and Inspection Service .....                                                | 104.0            | 104.0   | 416.0            | 416.0     |
| Agricultural Marketing Service .....                                                    | 6.2              | 6.2     | 24.6             | 24.6      |
| Federal Grain Inspection Service .....                                                  | 6.9              | 6.9     | 28.3             | 28.3      |
| Agricultural Cooperative Service .....                                                  | 0.4              | 0.4     | 1.9              | 1.9       |
| Reform Federal Crop Insurance Program .....                                             | 105.0            | 105.0   | 551.0            | 551.0     |
| Reduce Lower Priority Earmarked Programs:                                               |                  |         |                  |           |
| Agricultural Research Service:                                                          |                  |         |                  |           |
| Facility Construction .....                                                             | 11.0             | 1.0     | 44.0             | 24.0      |
| Cooperative State Research Service:                                                     |                  |         |                  |           |
| Facility Construction .....                                                             | 53.0             | 3.0     | 222.0            | 86.0      |
| Special Grants .....                                                                    | 44.0             | 4.0     | 182.0            | 96.0      |
| Extension Service Grants .....                                                          | 13.0             | 13.0    | 54.0             | 54.0      |
| Reduce Lower Priority Programs:                                                         |                  |         |                  |           |
| Economic Research Service .....                                                         | 8.8              | 7.0     | 58.8             | 55.3      |
| Foreign Agricultural Service .....                                                      | 10.0             | 5.0     | 40.0             | 35.0      |
| P.L. 480:                                                                               |                  |         |                  |           |
| Reduce Title III Grants .....                                                           | 59.0             | 30.0    | 290.0            | 246.0     |
| Enterprise for the Americas Debt Reduction .....                                        | 6.0              | 6.0     | 79.0             | 79.0      |
| Total Discretionary Savings .....                                                       | 728.3            | 423.5   | 3,818.6          | 3,068.1   |
| <b>MANDATORY SAVINGS:</b>                                                               |                  |         |                  |           |
| Commodity Credit Corporation:                                                           |                  |         |                  |           |
| Farm Payments Limited to Those With Less Than \$100,000 in Off-farm Income .....        | 75.0             | 75.0    | 470.0            | 470.0     |
| Limit Wool and Mohair Direct Support Payments to \$50,000 Per Person .....              | 10.0             | 10.0    | 212.0            | 212.0     |
| Honey Subsidies Would Be Eliminated .....                                               | 12.0             | 12.0    | 32.0             | 32.0      |
| "Triple Base" Acres Would Be Increased From 15% to 25% .....                            | 0.0              | 0.0     | 1,340.0          | 1,340.0   |
| Increase Assessments on Non-Program Crops .....                                         | 0.0              | 0.0     | 365.0            | 365.0     |
| Eliminate 0/92 and 50/92 Programs .....                                                 | 0.0              | 0.0     | 835.0            | 835.0     |
| Freeze Market Promotion Program .....                                                   | 52.3             | 52.3    | 209.2            | 209.2     |
| Reform Federal Crop Insurance .....                                                     | 0.0              | 0.0     | 739.0            | 739.0     |
| Forest Service:                                                                         |                  |         |                  |           |
| Increase Grazing and Recreation Fees .....                                              | 12.0             | 12.0    | 74.0             | 74.0      |
| New User Fees for Marketing Agreements and Orders .....                                 | 10.7             | 10.7    | 42.8             | 42.8      |
| Food and Nutrition Service:                                                             |                  |         |                  |           |
| Food Stamp Program, Limit Federal Share of State's Administrative Expenses to 50% ..... | 20.0             | 20.0    | 140.0            | 140.0     |
| Total Mandatory Savings .....                                                           | 192.0            | 192.0   | 4,459.0          | 4,459.0   |
| Total Savings .....                                                                     | \$920.3          | \$615.5 | \$8,277.6        | \$7,527.1 |

UNITED STATES DEPARTMENT OF AGRICULTURE

1993 STIMULUS PROPOSALS  
(Dollars in Millions)

| Program                                                            | 1993 Estimate       |         | 1994-97<br>Outlays |
|--------------------------------------------------------------------|---------------------|---------|--------------------|
|                                                                    | Budget<br>Authority | Outlays |                    |
| Rural Development Initiative:                                      |                     |         |                    |
| Water and Waste Disposal:                                          |                     |         |                    |
| Loan Subsidy .....                                                 | \$66.8              | \$1.3   | \$65.5             |
| Grants .....                                                       | 281.8               | 5.6     | 276.1              |
| Very Low-Income Housing Repair:                                    |                     |         |                    |
| Loan Subsidy .....                                                 | 1.1                 | 1.1     | 0.0                |
| Grants .....                                                       | 5.6                 | 5.3     | 0.3                |
| Single Family Housing Loan Subsidy .....                           | 4.3                 | 3.5     | 0.8                |
| Subtotal, Rural Development Initiative .....                       | 359.6               | 16.8    | 342.7              |
| Forest Service:                                                    |                     |         |                    |
| Natural Resource Protection and Environmental Infrastructure ..... | 187.8               | 168.8   | 19.0               |
| Soil Conservation Service:                                         |                     |         |                    |
| Watershed and Flood Prevention Operations .....                    | 47.0                | 24.0    | 23.0               |
| Agricultural Research Service:                                     |                     |         |                    |
| Building and Facilities .....                                      | 37.6                | 29.1    | 8.5                |
| Food Safety and Inspection Service .....                           | 4.0                 | 4.0     | 0.0                |
| Food and Nutrition Service:                                        |                     |         |                    |
| Women, Infants, and Children (WIC) .....                           | 75.0                | 68.5    | 6.5                |
| Emergency Food Assistance Program:                                 |                     |         |                    |
| Commodity Purchases .....                                          | 23.5                | 23.5    | 0.0                |
| Child and Adult Care Food Program .....                            | 56.0                | 48.3    | 7.7                |
| Total, Stimulus .....                                              | \$243.1             | \$197.4 | \$45.7             |

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- Good organize

Agenda for Agency Briefings

Thursday, May 20, 1993

1:30 P.M. to 3:30 P.M.

Deputy Secretary of Agriculture

Richard Rominger

Assistant Secretary for Administration

Wardell Townsend

Office of Administrative Law Judges *ECONOMIC REGULATION  
+ ANIMAL WELFARE*

Victor Palmer, Chief Judge

Board of Contract Appeals

Judge Edward Houry, Chairman

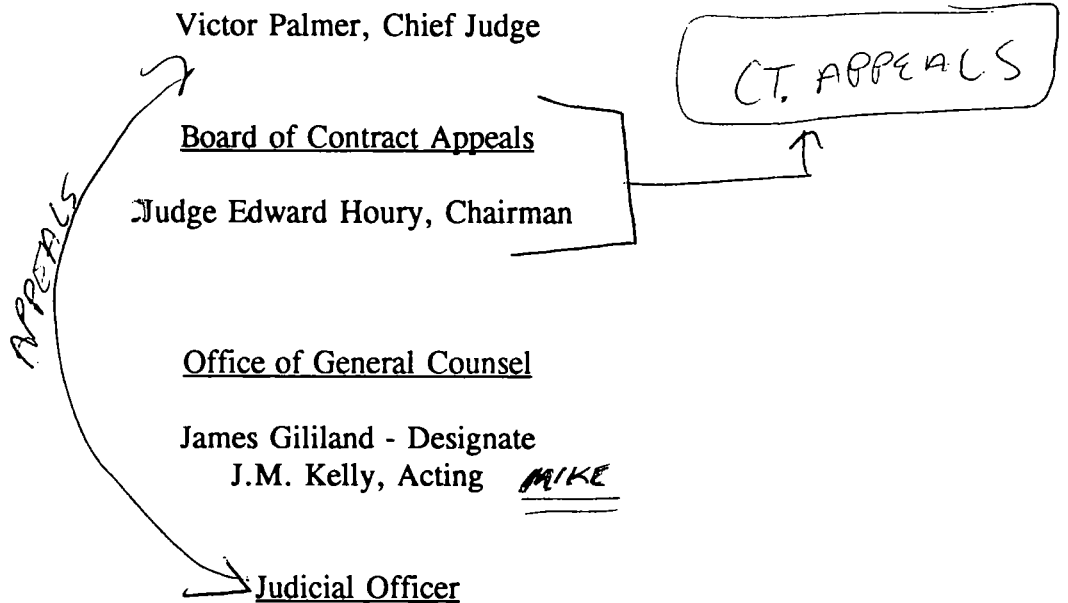
Office of General Counsel

James Gililand - Designate

J.M. Kelly, Acting MIKE

Judicial Officer

Donald A. Campbell



Organizational Chart  
Office of Administrative Law Judges

WARDELL C. TOWNSEND, JR.  
ASSISTANT SECRETARY FOR ADMINISTRATION

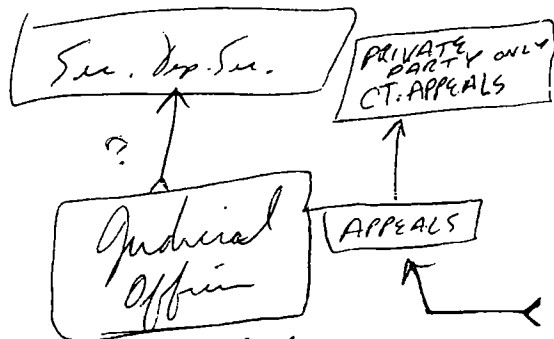
VICTOR W. PALMER,  
CHIEF ADMINISTRATIVE LAW JUDGE  
(Iris E. Thompson, Secretary)

ADMINISTRATIVE LAW JUDGES  
DOROTHEA A. BAKER    PAUL KANE  
(Annette B. Hammonds, Legal Technician)  
EDWIN S. BERNSTEIN    JAMES W. HUNT  
(P. J. Hart, Legal Technician)

ATTORNEYS  
CONSTANCE C. HICKEY  
DANIEL A. KING

HEARING CLERK'S OFFICE  
HEARING CLERK, JOYCE A. DAWSON

LEGAL TECHNICIANS  
Yvette McBride    Pamela Edmundson  
Tribble Fluellen    Tonya Fisher  
Regina Paris    LaWuan Islar



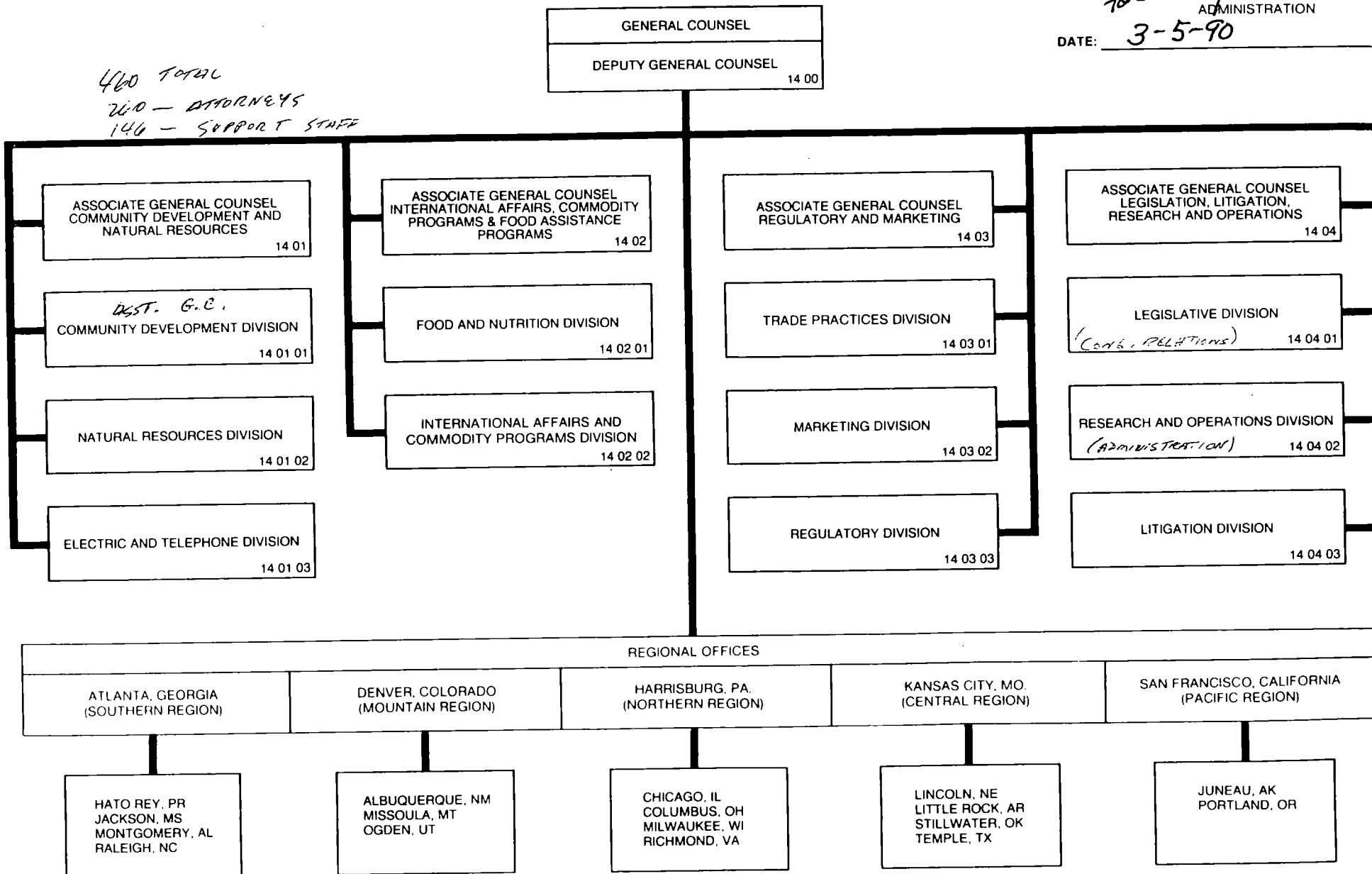
Don Campbell

- one of 15 General  
officers of Dept.

- # 2 in number of Dept.

U.S. DEPARTMENT OF AGRICULTURE  
OFFICE OF THE GENERAL COUNSEL

RECOMMENDED: *H. K. A. II*  
GENERAL COUNSEL  
APPROVED: *Harry Wilson*  
702 ASSISTANT SECRETARY FOR  
ADMINISTRATION  
DATE: *3-5-90*



THE MISSION OF THE OFFICE OF THE GENERAL COUNSEL IS TO DETERMINE LEGAL POLICY  
AND DIRECT THE PERFORMANCE OF ALL LEGAL WORK BY THE DEPARTMENT.

SUPERSEDES CHART DATED SEPTEMBER 20, 1988

## SUMMARY OF USDA FIELD STRUCTURE PUBLIC MEETINGS

Public meetings were held in the following locations:

|                          |                |
|--------------------------|----------------|
| Salina, Kansas           | March 27, 1992 |
| Abilene, Texas           | April 24, 1992 |
| Sacramento, California   | May 15, 1992   |
| Columbia, South Carolina | June 12, 1992  |
| Peoria, Illinois         | July 24, 1992  |
| Syracuse, New York       | August 7, 1992 |

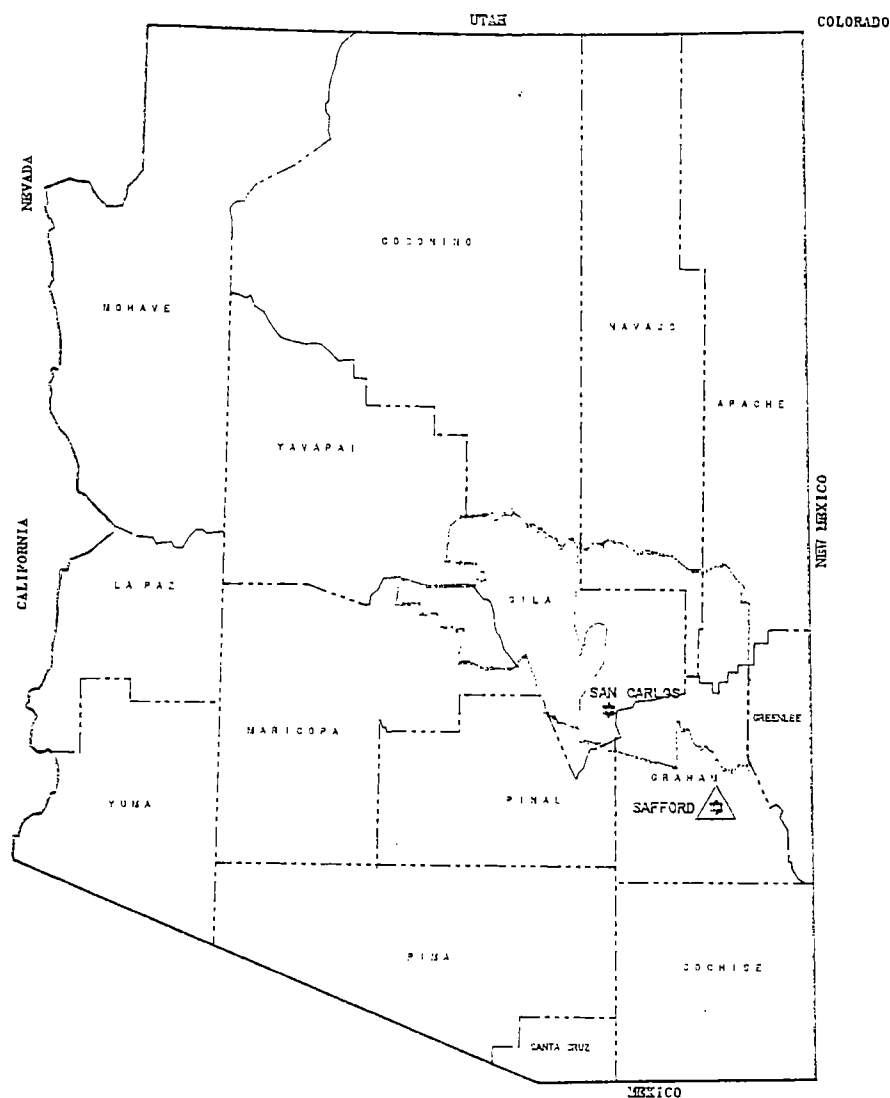
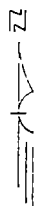
At each of the public meetings, USDA's clients expressed a desire for:

Simplified paperwork for program participation;

data-sharing among agencies at the local level; and

continued involvement of local committees in the administration of Federal farm programs at the local level, i.e., keep the county committee structure intact.

**CONSOLIDATION/COLLOCATION:** Most of the participants at the public meetings were supportive of collocation and consolidation of offices where it could be proven that the action would make operations more efficient and provide better service to the producers. However, most of the support was for consolidation of offices, not for the consolidation of agencies. Participants also indicated that care should be taken when collocating or consolidating offices to ensure that the delivery of services to the producers is not impaired in any way.

MAP LEGEND

- ⊕ STAND ALONE
- ⊕ SCS/ASCS
- ⊕ SCS/FMHA
- ⊕ SCS/FMHA/ASCS
- FIELD OFFICE BOUNDARY
- COUNTY BOUNDARY
- - - - NRCD BOUNDARY
- MARICOPA COUNTY NAME
- TUCSON CITY NAME

FIELD OFFICE DATA

2 NRCD'S  
 3 COUNTIES SERVED  
 71 PRODUCERS  
 4,415,236 ACRES  
 6,898 SQ. MILES

NEAREST FIELD OFFICE (SAFFORD) - 77 MILES  
 LONGEST DISTANCE TO SERVICE AREA LIMIT - 96 MILES  
 AVERAGE DISTANCE TO SERVICE AREA LIMIT - 50 MILES  
 AREA COMPARISON - LARGER THEN CONNECTICUT

SAN CARLOS  
 FIELD OFFICE  
 SERVICE AREA  
 ARIZONA

DECEMBER 1992

## 6. JUSTIFICATION FOR VARIANCES FROM NUMBER OF OFFICES ALLOWED

### SOIL CONSERVATION SERVICE

#### SAN CARLOS FIELD OFFICE

Lot 11

San Carlos, Arizona 85550

This office services 4,415,236 acres and approximately 42 units of government through two Conservation District(s). The office serves the San Carlos Indian Tribe on the San Carlos Indian Reservation and the Tonto-Apache Indian Tribe on the Tonto Indian Reservation. There are 113 producers in the Tonto Natural Resource Conservation District and 7 Grazing Associations (consisting of 177-327 individual members of each association) in the San Carlos Natural Resource Conservation District.

The service area includes portions of Gila, Graham, Maricopa, and Pinal Counties.

The office is planned to be collocated with the Extension Service.

The longest distance to the service area limit is 96 air miles. The average distance to the service area limit is 50 air miles. Physical barriers to travel include many unimproved roads, and impassable mountain ranges. Road mileage is approximately 50% more than air miles.

The next closest office is Safford, which is 77 miles away.

If this office is closed, round trip travel time to and from the next closest office shown above will increase, on the average, by approximately 0.5 hours. Closing this office will reduce efficiency and increase costs due to additional travel time, increased numbers of trips, and additional vehicle repair and replacement. Cost and time inputs for clients to obtain services will also increase substantially.

Projects SCS is committed to in this office include: Coordinated Resource Management planning assistance on public and private lands; the Elk Habitat Partnership effort affecting the public as well as a number of agencies, groups, landowners, and others.

Programs administered by this office include: Conservation Technical Assistance; Resource Conservation and Development; Plant Materials. Conservation education is an extremely large part of the workload on the reservation, while on-site technical assistance is required elsewhere.

The workload at this location will also be increased by impacts of state rules governing surface water quality standards. This office's service area includes Payson, an area which is beginning to experience more and more resource management assistance from SCS.

Agricultural Conservation Program (ACP) referrals serviced in fiscal year 1992 totaled 1.

Total acres of cropland - 800.

Total acres of other lands, including state, public and private - 4,400,000.

| UNITED STATES DEPARTMENT OF AGRICULTURE |                     |                     |               |
|-----------------------------------------|---------------------|---------------------|---------------|
| <u>AGENCY</u>                           | <u>HEADQUARTERS</u> | <u>FIELD OFFICE</u> | <u>TOTALS</u> |
| SCS                                     | 1                   | 3511                | 3512          |
| ASCS                                    | 3 <sup>1</sup>      | 2833                | 2836          |
| FmHA                                    | 4 <sup>2</sup>      | 2130                | 2134          |
| FCIC                                    | 1                   | 75                  | 76            |
| ES                                      | 1                   | 3590 <sup>3</sup>   | 3591          |
| RDA                                     | 1                   |                     | 1             |
| FS                                      | 7 <sup>4</sup>      | 862                 | 869           |
| APHIS                                   | 3 <sup>5</sup>      | 481                 | 484           |
| AMS                                     | 1                   | 201                 | 202           |
| ARS                                     | 1                   | 138                 | 139           |
| FSIS                                    | 8 <sup>6</sup>      | 106                 | 114           |
| FNS                                     | 2 <sup>7</sup>      | 102                 | 104           |
| FAS                                     | 1                   | 81                  | 82            |
| NASS                                    | 1                   | 45                  | 46            |
| FGIS                                    | 1                   | 24                  | 25            |
| P&SA                                    | 1                   | 12                  | 13            |
| ACS                                     | 1                   | 3                   | 4             |
| OICD                                    | 1                   | 1                   | 2             |
| REA                                     | 1                   | -                   | 1             |
| OIG                                     | 1                   | 49                  | 50            |
| OGC                                     | 1                   | 23                  | 24            |
| <b>TOTALS</b>                           | <b>42</b>           | <b>14,267</b>       | <b>14,309</b> |

1. Includes Washington D.C., Kansas City Field Office (Kansas City, Management and Commodity Offices), and the Aerial Photography Field Office (Salt Lake City, UT)
2. Includes Washington D.C., Alexandria, Va. and offices in St. Louis, Mo.
3. All State Cooperative Extension Service (ES) offices are under the jurisdiction and control of the cooperating State Land-Grant University and most are supported by local government.
4. Includes Washington D.C. and six satellite offices.
5. Includes Washington D.C., Hyattsville, Md., and program direction and management support functions at Minneapolis, Mn.
6. Includes Washington D.C. and seven other program or service offices with nationwide responsibilities located in Lawrence, Ks, College Station, Tx, Denton, Tx, Ames, Ia, Des Moines, Ia and two offices in Minneapolis, Mn.
7. Includes Alexandria, Va and the Computer Support Center in Minneapolis, Mn.

UNITED STATES DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

March 18, 1992

SECRETARY'S MEMORANDUM SM 1020-37

ESTABLISHMENT OF THE ALTERNATIVE AGRICULTURAL RESEARCH  
AND COMMERCIALIZATION CENTER

1 BACKGROUND AND PURPOSE

Subtitle G of Title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (FACT Act), Pub. L. No. 101-624, 7 U.S.C. 5901 et seq., authorizes the Secretary to establish an Alternative Agricultural Research and Commercialization (AARC) program within the Department of Agriculture. Section 1658 of the FACT Act directs the Secretary to establish the Alternative Agricultural Research and Commercialization Center (Center) as an independent entity within the Department of Agriculture under the general supervision and policy control of the Secretary and the AARC Board. The Center is authorized to carry out the following activities: provide assistance to eligible applicants for research, development, and demonstration projects, and for commercialization activities by way of grant arrangements, cooperative agreements, contracts, loans and interest subsidy payments, and venture capital; collect and disseminate information about State, regional, and local commercialization projects; search for new nonfood, nonfeed products that may be produced from agricultural commodities and for processes to produce such products; and administer the AARC Revolving Fund to facilitate AARC program activities. The Center is to be headed by a Director who shall be selected by the AARC Board and approved by the Secretary. The Director is responsible for the overall management of

the Center and the implementation of general policies respecting the management and operation of programs and activities of the Center and shall report to the AARC Board.

2 ACTIONS ORDERED

It is ordered hereby that the Alternative Agricultural Research and Commercialization Center is established and that the Center is authorized to exercise all the responsibilities, authorities, and functions assigned to the Center by Subtitle G of Title XVI of the FACT Act.

It is ordered hereby that the Center shall not be subject to Department of Agriculture Regulations unless signed by the Secretary and the provisions of any such regulation specifically include the Center within the coverage of the regulation.

3 ADMINISTRATIVE SUPPORT

All administrative support will be provided by the Office of the Secretary in accordance with an interagency agreement between the AARC Board and the Assistant Secretary for Science and Education.

4 INCIDENTAL TRANSFERS

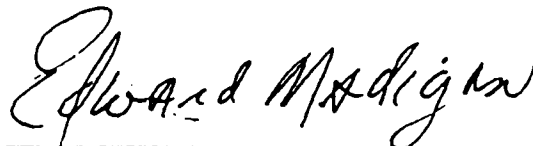
The Assistant Secretary for Administration and the Director, Office of Budget and Program Analysis are authorized to approve such transfers of funds, personnel, employment authority, space, records, property, and incidentals as may be necessary to implement the provisions of this Memorandum.

5 EXISTING DIRECTIVES

Prior delegations of authority, administrative regulations, and other directives not inconsistent with the provisions of this Memorandum remain in full force and effect.

6 EFFECTIVE DATE

The actions ordered by this Memorandum shall take effect on March 18, 1992.



Edward Madigan  
Secretary of Agriculture

Agenda for Agency Briefings

Friday, May 21, 1993

9:00 A.M. to 11:30 A.M.

ALL - ONLY 2000 FTE



Assistant Secretary for Economics

Keith Collins, Acting

CHIEF  
ECONOMIST  
FOR  
DEPT.

Economic Research Service

ERG

- SITUATION &  
OUTLOOK  
REPORTS  
- AGRICULTURAL  
OUTLOOK

John Lee, Administrator, RETIRING SOON  
KITTY —, ACTING

National Agricultural Statistics Service

NASS

Used to be  
"Statistical  
Reporting  
Service"  
- STATE  
OFFICES

Donald Bay, Acting Administrator

World Agricultural Outlook Board

James Donald, Chairman

Economics Management Staff

He joined ERS in 1966

Allan Johnson, Director

Office of Energy

Roger Conway, Director

Economic Analysis Staff

Keith Collins, Director

Assistant Secretary for Marketing and Inspection Services

Eugene Branstool

Federal Grain Inspection Service

FGIS

Dave Galliard, Acting Administrator

600  
PEOPLE  
NOW

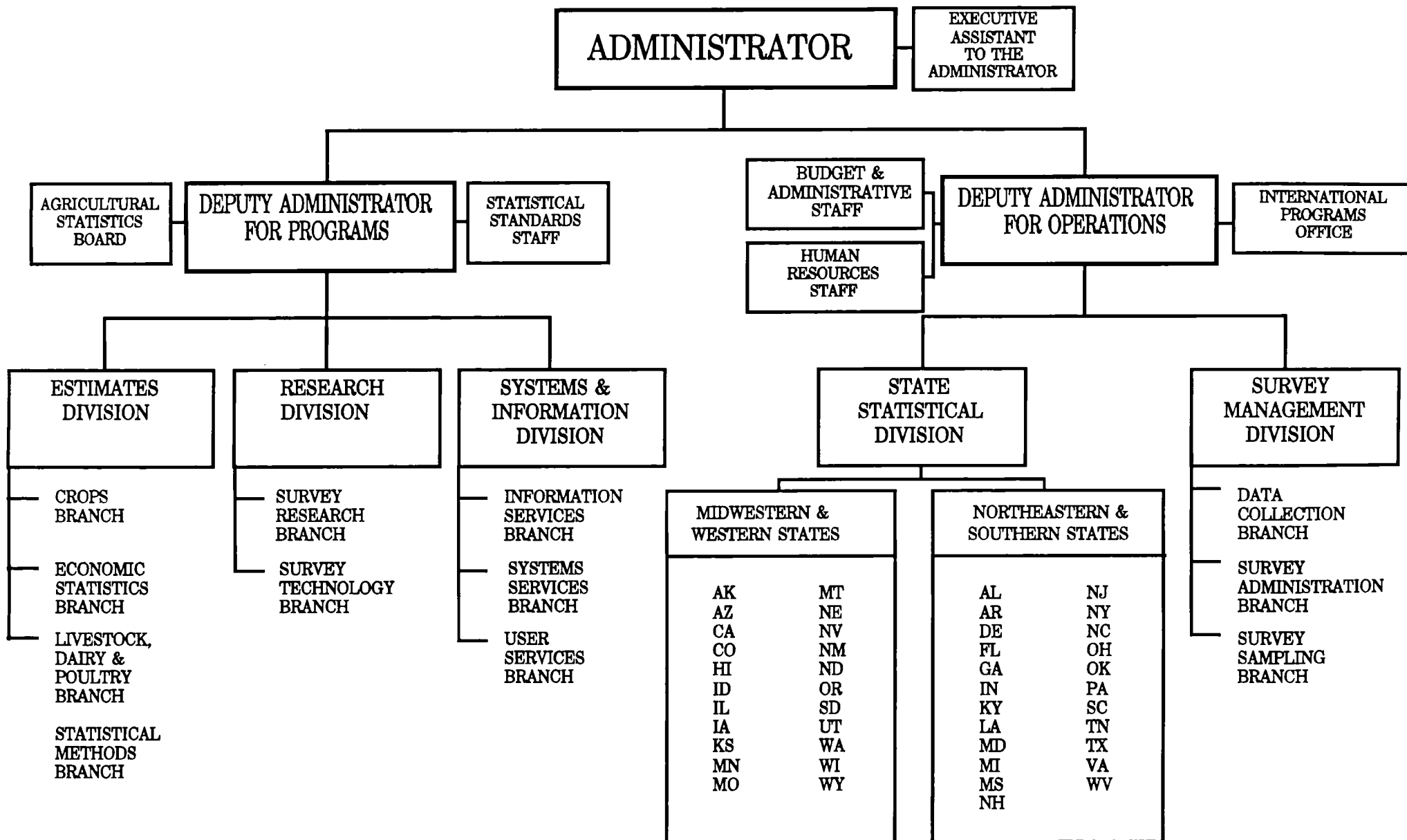
Public  
Information  
Agency

SEPARATE BOX

AMS

Other  
Commodity

# NATIONAL AGRICULTURAL STATISTICS SERVICE

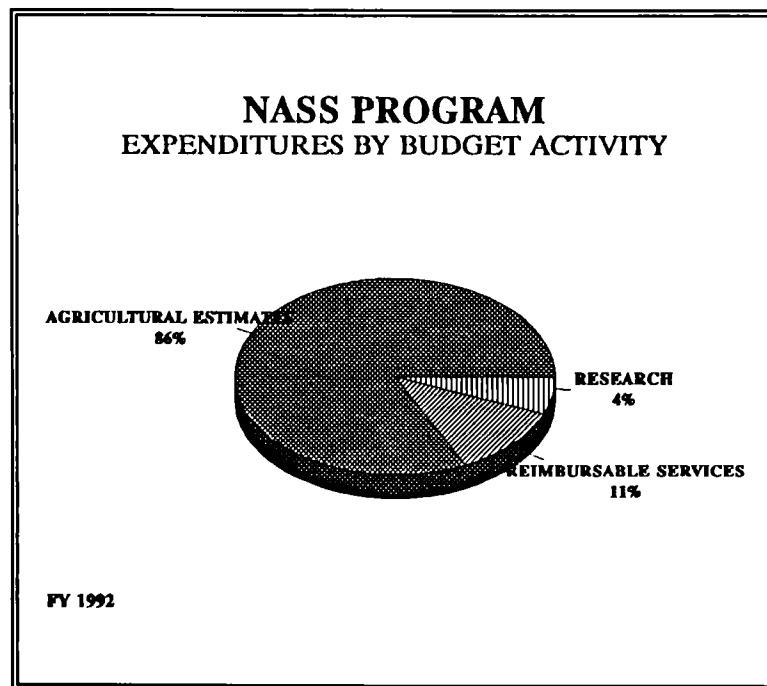


## OVERVIEW AND PROGRAM

The structure of farming and the agricultural industry has changed dramatically over the 130-year history of the National Agricultural Statistical Service (NASS). The mission of the organization, however, has remained the same: to provide accurate, timely, and impartial statistics for and about agriculture and rural America. This mission, begun in 1863 when the USDA issued its first crop report, was reauthorized under the Agricultural Marketing Act of 1946 (7 U.S.C 1621-1627).

NASS programs are conducted in the following major areas:

- a. Agricultural Estimates - NASS conducts scientifically designed surveys; summarizes and analyzes the survey data; develops estimates of production, supply, price, and other aspects of the agricultural economy; and issues official USDA national and State estimates and reports relating to acreage, types and production of farm crops, number of livestock on farms, livestock products, stocks of agricultural commodities, value and utilization of farm products, prices received and paid by farmers, agricultural chemical use, and other subjects as required. Estimates are published in about 400 Federal and 9,000 State reports each year.



All information is made available to the public at scheduled release times, providing the basic, unbiased data necessary to maintain an orderly association between the consumption, supply, marketing, and input sectors of agriculture. A user fee system covers the costs of maintaining mailing lists, printing, and mailing the releases. Survey respondents, news media, congressional offices, and other Federal agencies are not required to pay for NASS releases issued through its Agricultural Statistics Board.

- b. Statistical Research and Service - Research is conducted to improve the statistical methods and techniques, given available resources, that are used in developing agricultural statistics. This research is directed toward better, more efficient sampling, forecasting, and survey techniques. Consulting services in the areas of survey methodology, statistical methodology, and remote sensing technology are provided both gratis and on a reimbursable basis.
- c. Work Performed for Others - Services are performed for other Federal and State agencies and private organizations on a reimbursable basis. These services consist primarily of conducting surveys and performing related statistical data collection activities. They also include consultation, support, and technical assistance for developing countries.

The National Agricultural Statistics Service maintains a central office in Washington, D.C., with a large part of the agricultural statistics program carried out through 45 State Statistical Offices serving the 50 States. Most State Statistical Offices are operated as joint State and Federal services through cooperative agreements with various State agencies. This arrangement efficiently services the agricultural data needs at both the State and Federal levels and eliminates duplication of effort. Twenty-four of the NASS State offices are physically located in State cooperator office buildings. These beneficial collocations provide increased service and additional agricultural data for State and local needs while minimizing costs to the Federal Government.

NASS periodically seeks input on data needs and priorities from data users through individual contacts, meetings with commodity groups, Agricultural Statistics Board briefings, other Departmental and Federal agency contacts, and regional data user meetings. The Agency has made many adjustments in its program in response to suggestions by data users indicating that new data series or changes in current series are needed. Requests continue for expanded detail, wider geographic coverage, more frequent reports, new data series, and restoration of data series discontinued because of budget restrictions.

Statistical data developed by NASS on the Nation's agriculture are essential for the orderly development of production and marketing decisions by farmers, ranchers, and other agribusinesses. These agricultural data series are also used for monitoring the ever-changing agricultural sector and for making and carrying out agricultural policy relating to farm program legislation, commodity programs, agricultural research, agricultural chemical usage, rural development, and related activities.

Clients include, but are not limited to the following:

Primary

- o Office of the Secretary
- o News and Press Services
- o Most other USDA agencies
- o Other Federal agencies
- o Congress
- o Farmers and ranchers
- o Farm organizations
- o Agribusinesses
- o Commodity analysts
- o Land-Grant universities
- o State Departments of Agriculture
- o State Departments of Labor
- o Other State Agencies
- o International buyers/traders
- o Domestic buyers/traders
- o Chicago Board of Trade and other markets
- o Environmental groups

Secondary

- State Legislatures
- International governments
- Other schools, universities

Tertiary

- General public
- Consumers

The National Agricultural Statistics Service has come a long way in 130 years, but the words of J. R. Dodge in 1887 are still true and will probably be so for many years to come.

"The statistics of this country do not now suffice to meet the wants of legislators and businessmen . . . . This pursuit of current statistical information has become so eager that data attainable, existent and nonexistent, are alike required, in season and out-of-season, of a character possible and impossible. Such demands, often unreasonable and annoying, attest, nevertheless, the growing importance of statistics." <sup>1</sup>

A century and more of grappling with problems of providing timely, accurate, and comprehensive agricultural statistics has delineated some basic concepts, principles, and procedures that can be briefly summarized.

1. In the complex society and dynamic world in which we live, current indications on the production, marketing, and utilization of agricultural output are essential to synchronize multiple activities independently conducted within agriculture and to harmonize them with other parts of the economy. The past cannot be studied, the present cannot be appraised, and the future cannot be forecast unless there are available meaningful statistics concerning the economy.

2. Public and private needs for the data are best met with a statistical service planned and directed by a central Government agency with direct lines to a well-trained and adequate field staff.
3. Integration of the Federal statistical program with related State agricultural statistical services is distinctly advantageous. Three quarters of a century of close cooperation between the Federal and State governments in conducting a highly coordinated statistical program has demonstrated the value of such arrangements. A joint Federal-State endeavor under one supervisory head avoids duplication of effort, saves money, reduces demand upon respondents and provides both the Federal and State governments with uniformly consistent data covering a broader range than either could provide independently.
4. A fact-finding function independent of political and economic pressures is essential to objectivity. Freedom from policy and program responsibilities is conducive to freedom from bias. To be credible, a statistical agency must clearly be impartial. It must avoid even the appearance that its collection and reporting of data might be manipulated for political purposes or that individually identifiable data might be turned over for administrative, regulatory, or enforcement purposes.
5. A statistical program must be adaptable and techniques and procedures flexible to meet the constantly changing and expanding demands of a dynamic agricultural economy. It is true of the statistical field as well as elsewhere that "You cannot put your foot into the same river twice."
6. A competent research staff freed of involvement in day-to-day operations is a requisite for adapting new statistical technology to emerging requirements.
7. Recruiting, training, supervising, appraising, promoting, awarding, motivating, and servicing employees merit close attention to maintain a competent, progressive staff with high esprit de corps for the specialized work entailed in agricultural statistics.
8. The lifeblood of a successful statistical service is continuing rapport with farmers and others who provide the primary data, with the Department and other agency officials, and with the Congress. A statistical service based on voluntary reporting must work continuously to assure its respondents that their efforts yield fruitful results, that analyses are done honestly, efficiently, and skillfully, and results are disseminated equitably.

## **AGRICULTURAL STATISTICS BOARD REPORTS**

The Agricultural Statistics Board (ASB) estimates production, stocks, inventories, disposition, utilization, and prices of agricultural commodities, and such other items as labor, agricultural chemical usage, and farm numbers. National reports are issued from the Washington, D.C., headquarters at 3 p.m. e.t. Individual State reports are issued from State Statistical Offices (SSO's) following release of the national estimates. Printed copies of both ASB and SSO reports are available for a fee.

ASB reports and some reports issued by the SSO's are available electronically, through the U.S. Department of Agriculture's Computerized Information Delivery Service, immediately after release. The ASB also has long-term official data series relating to crop acreage, yield, and production, hog and cattle inventories, grain stocks, and county estimates for many crop and livestock items, available on computer diskettes for a fee.

The Appendix includes the complete *ASB Catalog* which provides detailed content for each report. A brief listing of these reports follows:

### **AGRICULTURAL STATISTICS BOARD REPORTS**

#### **A. FIELD CROP REPORTS**

- (1) Acreage (annual)
- (2) Cotton Ginnings (thirteen times per year and annual)
- (3) Crop Production (monthly and annual)
- (4) Crop Progress (weekly, during growing season)
- (5) Grain Stocks (quarterly)
- (6) Hop Stocks (semiannual)
- (7) Peanut Stocks and Processing (monthly)
- (8) Potato Stocks (six times per year)
- (9) Potatoes (annual)
- (10) Prospective Plantings (annual)
- (11) Rice Stocks (four times per year)
- (12) Weekly Weather and Crop Bulletin
- (13) Winter Wheat and Rye Seedings (annual)

#### **B. FRUIT AND VEGETABLE REPORTS**

- (1) Almond Production (annual)
- (2) Cherry Production (annual)
- (3) Citrus Fruits Summary (annual)
- (4) Cranberries (annual)
- (5) Hazelnut Production (annual)
- (6) Noncitrus Fruits and Nuts (semiannual)
- (7) Pistachio Production (annual)
- (8) Vegetables (five times per year and annual)
- (9) Walnut Production (annual)

**C. LIVESTOCK REPORTS**

- (1) Cattle (semiannual)
- (2) Cattle on Feed (monthly)
- (3) Hogs and Pigs (quarterly)
- (4) Livestock Slaughter (monthly and annual)
- (5) Meat Animals—Production, Disposition, and Income (annual)
- (6) Sheep and Goats (annual)
- (7) Sheep and Lambs on Feed (monthly)
- (8) Wool and Mohair (annual)

**D. POULTRY REPORTS**

- (1) Broiler Hatchery (weekly)
- (2) Egg Products (monthly)
- (3) Eggs, Chickens, and Turkeys (monthly)
- (4) Hatchery Production Annual
- (5) Layers and Egg Production Annual
- (6) Poultry—Production and Value (annual)
- (7) Poultry Slaughter (monthly)
- (8) Turkeys (semiannual)
- (9) Turkey Hatchery (monthly)

**E. DAIRY REPORTS**

- (1) Dairy Products (monthly and annual)
- (2) Milk Production (monthly)
- (3) Milk—Production, Disposition, and Income (annual)

**F. PRICE AND EXPENDITURE REPORTS**

- (1) Agricultural Prices (monthly and annual)
- (2) Crop Values (annual)
- (3) Farm Production Expenditures (annual)
- (4) Prices Received, Minnesota-Wisconsin Manufacturing Grade Milk (monthly and annual)

**G. OTHER REPORTS**

- (1) Agricultural Chemical Usage—Field Crops (annual)
- (2) Agricultural Chemical Usage—Vegetables (annual)
- (3) Catfish Processing (monthly)
- (4) Catfish Production (four times per year)
- (5) Cold Storage (monthly and annual)
- (6) Farm Labor (quarterly)
- (7) Farm Numbers and Land in Farms (annual)
- (8) Floriculture Crops (annual)
- (9) Honey (annual)
- (10) Mink (annual)
- (11) Mushrooms (annual)
- (12) Trout Production (annual)

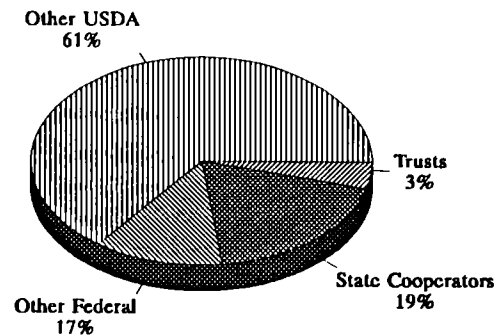
## REIMBURSABLE SERVICES

Conducting surveys, training, and other services on a reimbursable basis enables NASS to increase the productivity of its organization and to extend its unique knowledge of statistical data collection activities. The cooperator has access to additional resource capabilities and NASS has the opportunity to identify and eliminate duplicated data needs, thereby reducing respondent burden.

### Domestic

NASS conducts a wide variety of additional surveys for and provides technical assistance to other USDA agencies and Federal and State Government units on a reimbursable basis. NASS support and assistance for sample design and selection capability is made possible through the Agency's development and maintenance of list and area sampling frames. The ability to control and direct field surveys (including survey design, training, and data collection activities) can be relegated to the Agency's field offices or controlled from a centralized location.

**NASS Reimbursable Funds**  
FY 1992 Breakout



Reimbursable services consist of survey methodology consultation, questionnaire design, sample design, data collection, data editing, data analysis, tabulation of survey results, and post-survey evaluation. NASS assistance provided to other agencies must meet these conditions:

- Services must not interfere with the proper performance of the NASS mission nor impair its ability to obtain statistically reliable and timely information for regular programs.
- Services must serve the needs of those requesting aid and must provide useful data not available elsewhere. Data collected must be for the public good.
- NASS policy on the confidentiality of individual reports and on guidelines governing published data must be observed in all cases.

All such survey work is fully reimbursed, including overhead, during the fiscal year in which the services are performed.

### Statistical Consulting

Many USDA agencies without statisticians consult with NASS on survey methodology, sample design, information resource management, and statistical analysis. This consulting may take from a few hours to several months depending on the scope of the project. Statisticians also participate in the design of special, one-time surveys.

## International

NASS has been involved in international training and technical assistance activities for over 35 years. Assistance and training is provided to developing country staff for improvement of individual skills and an organization's survey methodology to provide more reliable and timely agricultural information.

Concerns have existed about world hunger, shortfalls in regional food production, and other related problems in developing countries over the years. These concerns have increased interest in improving agricultural data systems in developing countries to provide better information. This interest has been both by the underdeveloped countries themselves, and the countries/donor organizations providing the assistance.

International technical assistance and training is done on a reimbursable basis. The agency receives payment for all direct salary costs, benefits, travel expenses, supplies, and administrative support costs. The major source of funding has been the Agency for International Development (AID). Other funding has come from the Food and Agricultural Organization (FAO), the World Bank, and occasionally the countries themselves.

International projects that NASS has been involved in include:

- Area sampling frames developed and survey programs implemented during the 1960's and 1970's in a number of countries, including most of Central America.
- Activities under the Remote Sensing for Agriculture Project, which began in 1978, initiated the improvement of agriculture statistics programs for 11 countries around the world through the use of area frame technology.
- NASS resident advisor projects since the early 1980's included work on establishing area frames and/or improvement of agricultural statistics programs in Cameroon, Egypt, Honduras, Liberia, Morocco, Pakistan, Peru, Saudi Arabia, and Sudan. In addition, short term in-country assistance and training has been provided to a number of other countries, including Bangladesh, Bulgaria, Colombia, El Salvador, Haiti, Kenya, Nicaragua, North Yemen, Poland, Tunisia, Turkey, and Zimbabwe.

A 6-week training course on Basic Agricultural Statistics and Survey Methods is conducted by NASS each fall for international participants. In 1992, the class had 16 persons from 8 countries. It has also been presented in modified form in a number of countries, including Egypt, El Salvador, Pakistan, Sudan, and Zimbabwe.

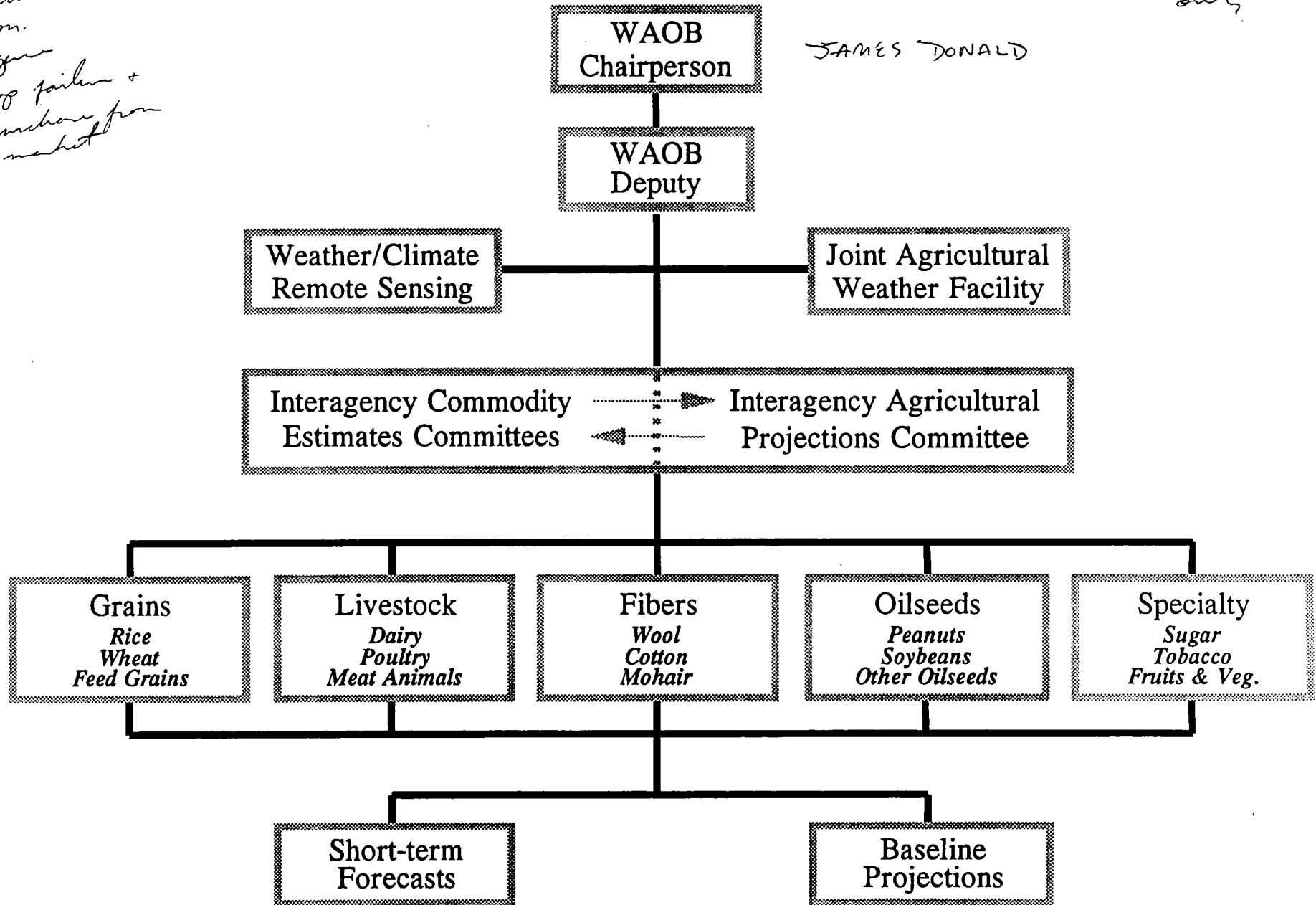
NASS expects to continue involvement in Poland and Bulgaria and anticipates that the Agency might be asked to assist other countries in that region. NASS is hosting a group from the former USSR for 3 weeks during spring 1993. In addition, assistance is being provided to develop plans for agricultural information improvement projects for Colombia and Nicaragua.

# World Agricultural Outlook Board

- 30 people only

1972 -  
Breakdown  
in econ.  
intelligence  
Soviet crop failure +  
USSR purchases from  
on market

JAMES DONALD



NEELI P. K. INSTITUTE  
10 MINUTE / WEEKLY BRIEFING

## **WORLD AGRICULTURAL OUTLOOK BOARD**

The U.S. Department of Agriculture's World Agricultural Outlook Board (WAOB) coordinates three activities within USDA: Commodity and aggregate agricultural situation and outlook analyses, weather and climate activities, and remote sensing activities.

### **Overview**

The World Agricultural Outlook Board (WAOB) was created by the Secretary of Agriculture on June 4, 1977, under authority of the Reorganization Plan No. 2 of 1953. The Board serves as a focal point for the Department's economic intelligence work of gathering information and analyzing developments that affect agriculture (Figure 1).

The agency's purpose is to improve the consistency, objectivity and reliability of USDA forecasts. Under the Board's direction, interagency committees of experts develop official forecasts of supply, utilization and prices for commodities. The Board also reviews commodity and agricultural outlook and situation analyses released by other USDA agencies and provides direction in methods used for making estimates and forecasts and research in improving these methods.

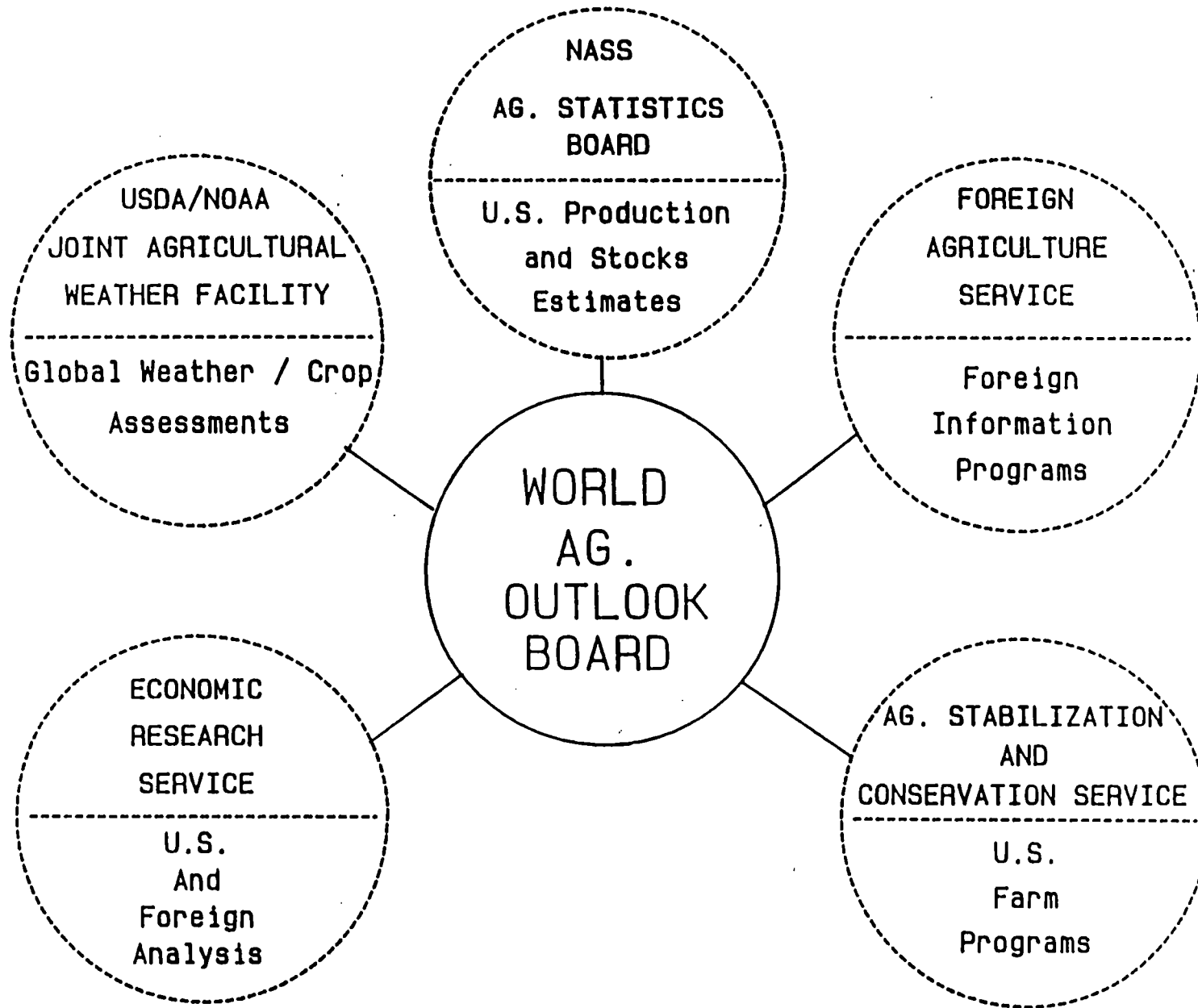
Parallel to its role in Departmental forecasting work, the Board coordinates weather, climate and remote sensing work among USDA agencies. In addition, the Board has operational responsibility for monitoring and analyzing the impact of global weather on agriculture. This activity is conducted jointly by the Board and the National Weather Service of the Department of Commerce.

The Board serves a number of well-defined client groups. Information disseminated by the Board is used for essential production and trade decisions by farmers, ranchers, agribusiness, commodity traders, exporters, food processors, farm input suppliers and others throughout the domestic agricultural sector. This same information is equally vital to the agricultural sectors of foreign countries and is used throughout the world.

A primary focus of public interest is the monthly World Agricultural Supply and Demand Estimates report released by the Board. The forecasts it contains, covering major commodities for the United States and the world, are considered authoritative because they are backed by USDA's unparalleled access to information and reputation for objectivity and integrity. A weekly international weather summary released by the Board is also closely followed by the agricultural community. Demand for information on the agricultural situation is always strong and Board analysts and meteorologists are frequently interviewed by the press and asked to speak to visiting groups and public meetings.

Within the Department, the Board is responsible for keeping the Office of the Secretary well briefed on economic and weather developments in agriculture, including market prices. Each week, the Board's Chairperson and Chief Meteorologist formally brief the Secretary and his staff on commodity and weather developments. A memorandum to the Secretary and his top staff each afternoon highlights daily commodity and weather developments.

# USDA'S ECONOMIC INTELLIGENCE SYSTEM



The Board shares information with many other Federal agencies, particularly the Commodity Futures Trading Commission, the Departments of State, Treasury, and Commerce, the Office of Management and Budget, the White House Council of Economic Advisors and various information-gathering arms of Government. It also shares information with foreign governments through their Washington embassies and with several international organizations, including the U.N. Food and Agriculture Organization.

### ***Coordinating Commodity Forecasts***

Commodity analysts at the Board chair Interagency Commodity Estimates Committees. The Committees, with members representing the Economic Research Service, the Foreign Agricultural Service, the Agricultural Stabilization and Conservation Service and the Agricultural Marketing Service, each month develop crop production forecasts for major foreign producing countries and supply and demand estimates for the United States and the world.

Once a month, the committees meet in secured "lockup" conditions. From early morning when the analysts enter the secured area, there is absolutely no communication beyond the locked doors until 3 p.m. Eastern Time, after the commodity markets have closed. This tight security prevents premature access to the new data.

At 3 p.m. sharp, the Board releases World Agricultural Supply and Demand Estimates, providing forecasts of world and U.S. supply and utilization data for grains, oilseeds and cotton; and U.S. estimates for red meat, poultry, eggs and milk. At the same time, the Agricultural Statistics Board of the National Agricultural Statistics Service, which is also located within the lockup area, releases its monthly forecasts of U.S. crop and livestock production and quarterly U.S. grain stocks reports.

The Secretary of Agriculture is admitted to the secured area shortly before released time to review and sign the reports released from lockup. At 3 p.m., doors open and reports are handed to waiting reporters who phone them to wire services. Simultaneously, the reports are disseminated electronically through a Departmental system to computer networks that carry the information to subscribers across the country and around the world. The crop production estimates for major foreign producing countries, finalized by the committees during lockup, are released at 3 p.m. on the day after lockup by the Foreign Agricultural Service.

Supply and demand estimates are the framework more detailed analyses prepared by the Foreign Agricultural Service and Economic Research Service throughout the year and published in FAS Circulars and ERS Outlook and Situation Reports (Figure 2). Each of these publications and other related outlook analyses, numbering more than 200 per year, are cleared by the Board, many at formal interagency meetings.

Several USDA agencies make longer term commodity projections which are used to prepare the President's budget and forecast farm program costs. In 1988, agency responsibilities for long-term projections were clarified and an interagency agricultural projections committee was created. Under the Board's leadership, the committee will strive to make longer term projections more consistent and reliable.



As part of its role in coordinating forecasting work, the Board directs multi-agency efforts to prepare USDA's outlook conference. Over 1,000 people attend this annual event in Washington, D.C., usually held the week after Thanksgiving. The conference brings representatives from the entire agribusiness community together to discuss economic prospects for U.S. and world agriculture.

### ***Monitoring Weather's Impact on Agriculture***

Part of the Joint Agricultural Weather Facility is located at the National Agricultural Statistics Service, where U.S. crop and weather developments are monitored, and part at the Board, where the focus is on international agriculture. On a daily basis, meteorologists track global weather developments and agricultural meteorologists interpret the impact on crops in the world's major farming regions. This information is presented to Department analysts and top officials at weekly briefings and summarized as the international portion of the Weekly Weather and Crop Bulletin, published each Tuesday at noon.

By combining sophisticated technology such as a link-up that beams down weather satellite images and a scientific understanding of plant physiology, the Joint Agricultural Weather Facility staff is able to give early warning of emerging weather problems and potential crop shortfalls, even in remote regions of the world.

The Board's Chief Meteorologist is responsible for coordinating weather-related activities throughout the Department and serving as USDA's liaison on weather matters to other Federal agencies, international bodies and scientific organizations. Through the Chief Meteorologist, the Board has played an active role in developing greater cooperation among Federal, State and private agricultural weather services and has participated in the scientific debate on global climate change.

### ***Coordinating Remote Sensing Activities***

As the Department's coordinator of remote sensing activities, the Board chairs the USDA remote sensing coordination committee. USDA uses remote sensing, which includes both conventional aerial photography and data gathered from satellites and other space-based platforms, for forest management, resource inventories, soil conservation planning and crop program compliance. It is also one of the many tools used in crop forecasting and foreign crop assessment. An extensive program of applied research is underway to make greater use of remote sensing in crop assessment.

U. S. DEPARTMENT OF AGRICULTURE  
ECONOMICS MANAGEMENT STAFF

12 YEARS OLD

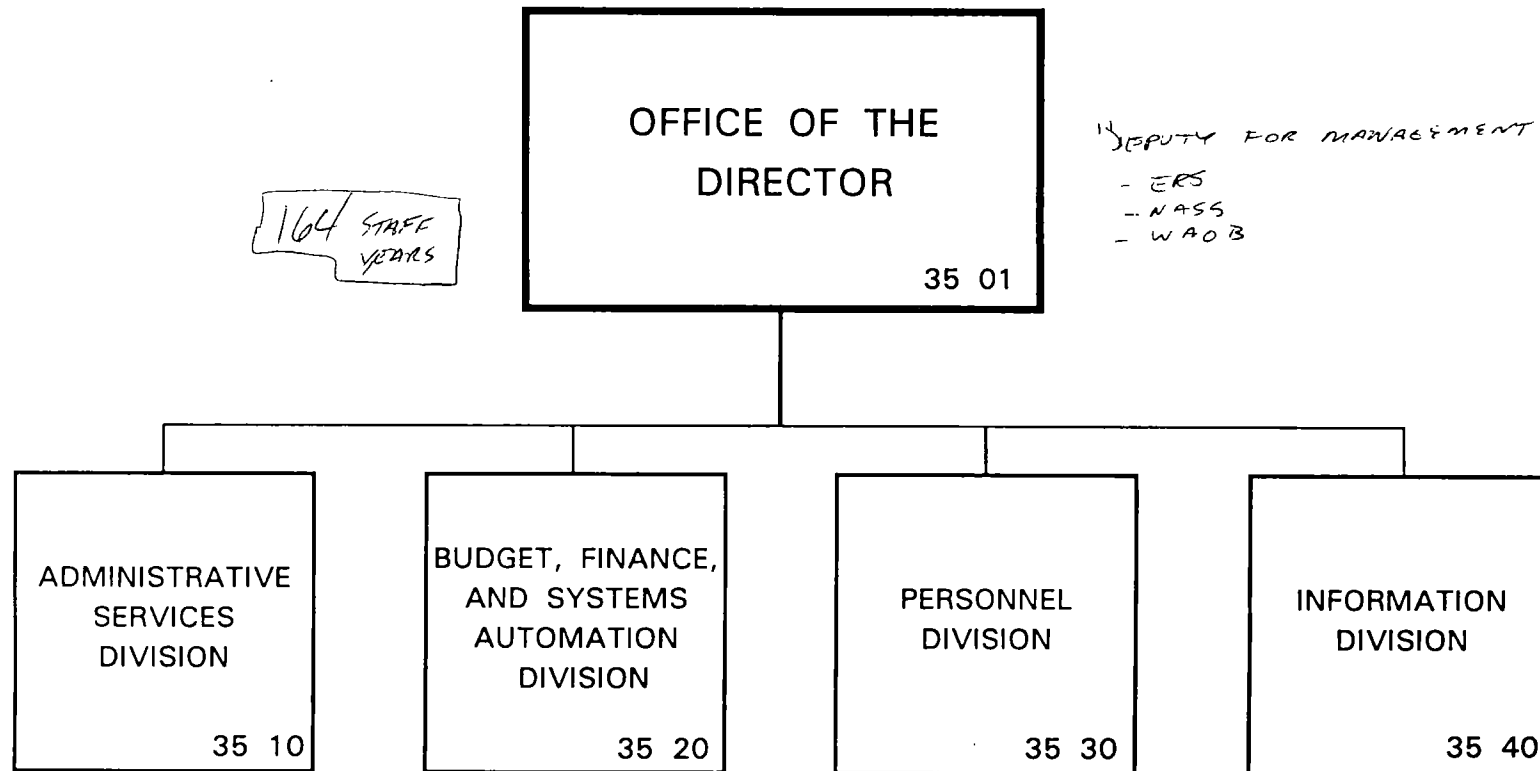
RECOMMENDED:

CONCURRED:

APPROVED:

DATE:

*Allan S. Johnson*  
(Director)  
*Daniel A. Summer*  
(Assistant Secretary for Economics)  
*Charles R. Hiley*  
(Assistant Secretary for Administration)  
10-24-92

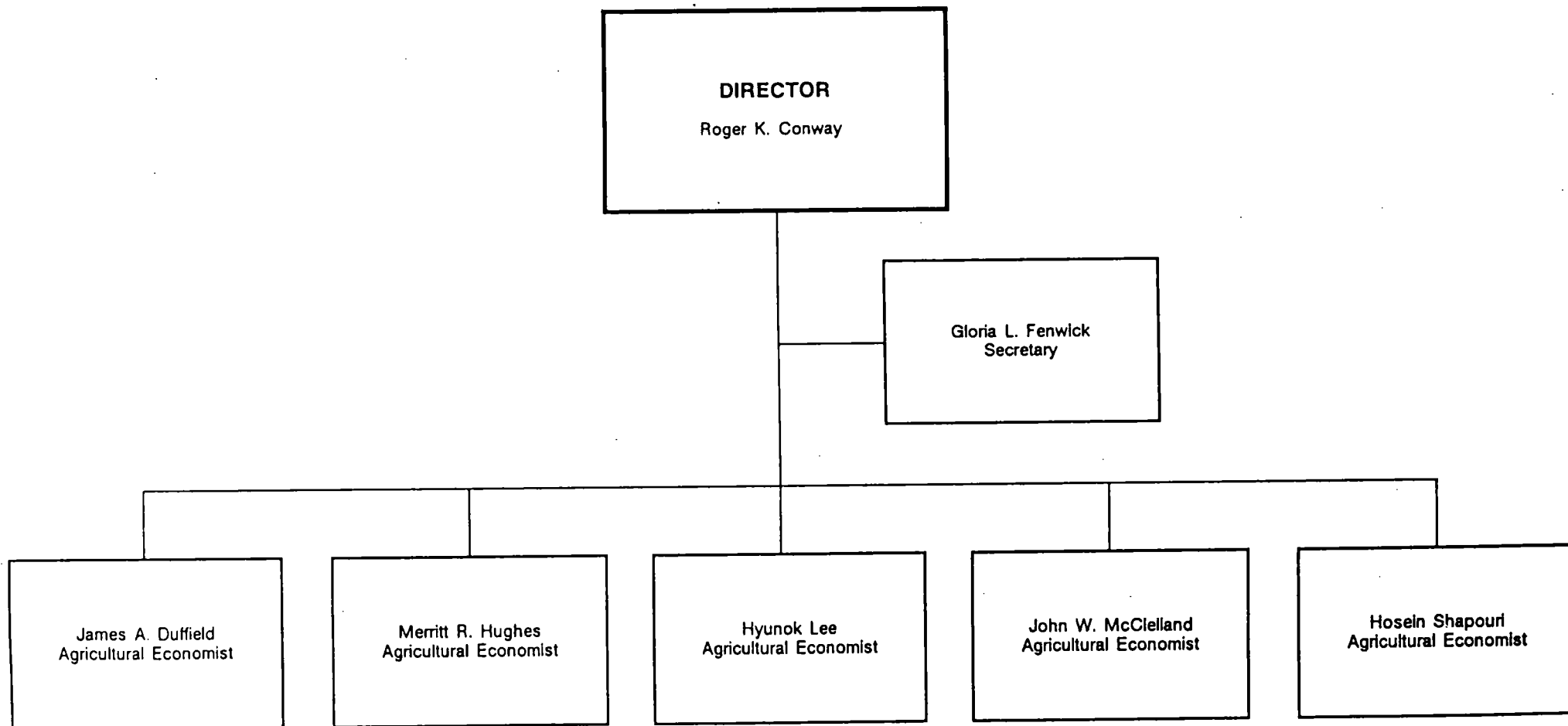


THE MISSION OF THE ECONOMICS MANAGEMENT STAFF IS TO PROVIDE MANAGEMENT SUPPORT SERVICES TO THE AGENCIES REPORTING TO THE ASSISTANT SECRETARY FOR ECONOMICS: ECONOMIC RESEARCH SERVICE, NATIONAL AGRICULTURAL STATISTICS SERVICE, WORLD AGRICULTURAL OUTLOOK BOARD, ECONOMIC ANALYSIS STAFF, AND OFFICE OF ENERGY.

U.S. Department of Agriculture

# OFFICE OF ENERGY

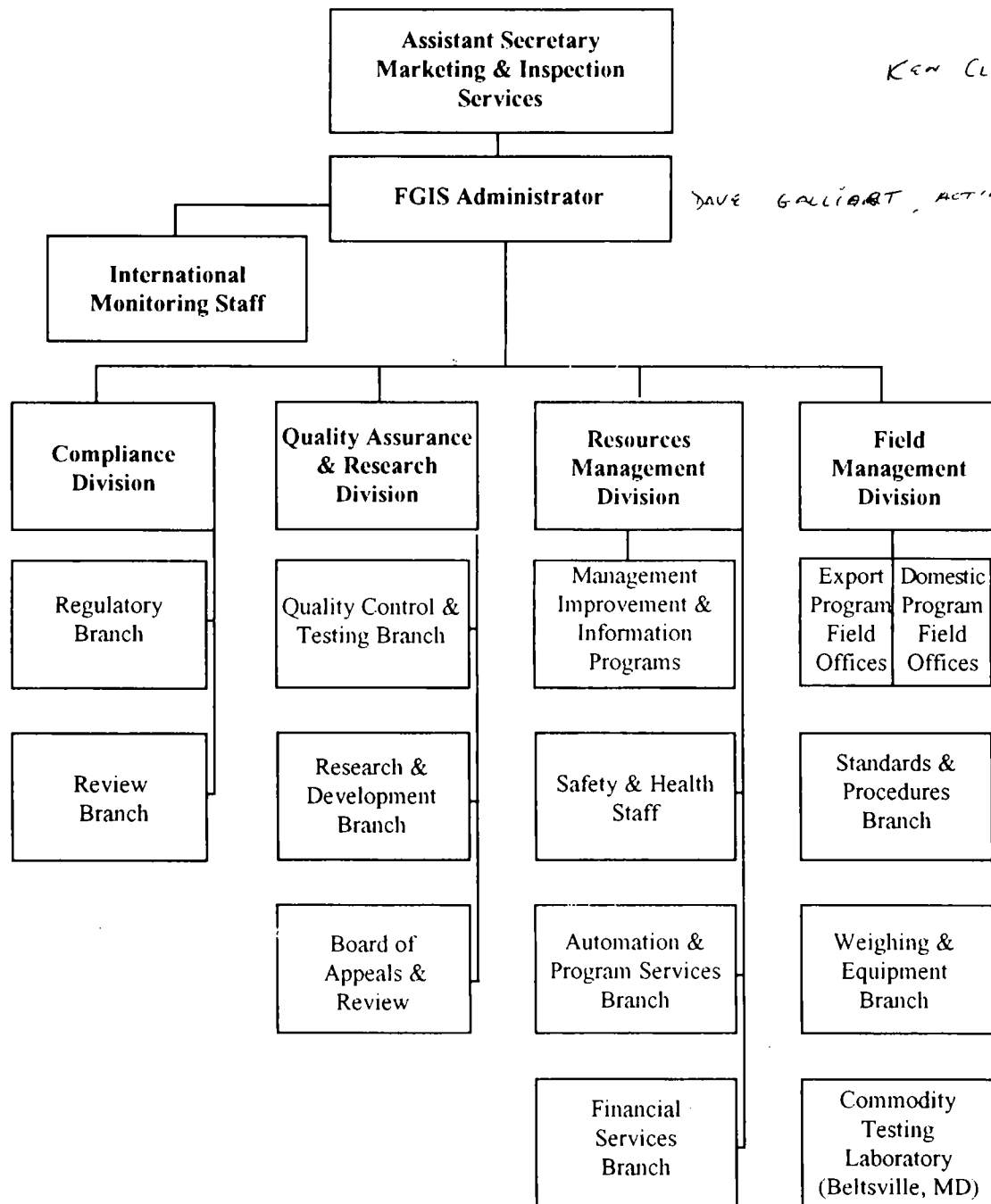
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Office Telephone Number: 720-2634

January 1993

# Federal Grain Inspection Service



KEN CLAYTON

DAVE GALLIART, ACTING

# **Federal Grain Inspection Service**

The Federal Grain Inspection Service (FGIS) helps move U.S. grain in domestic and export markets by providing farmers, grain handlers, processors, exporters, and foreign buyers with information that accurately and consistently describes the quality and quantity of grain being bought and sold.

## **Statutes**

FGIS was created under the U.S. Grain Standards Act of 1976 (the Act). Under the Act, the Agency:

1. Establishes and maintains official U.S. grain standards for barley, canola, corn, flaxseed, oats, rye, sorghum, soybeans, sunflower seed, triticale, wheat, and mixed grain.
2. Inspects and weighs grain and commodities for domestic and export trade.
3. Supervises the official grain inspection and weighing system, which is a network of FGIS field offices, and authorized Federal, State, and private grain inspection and weighing agencies. There are approximately 2,900 inspectors in all, of which 490 are FGIS employees.

Under the Act, most grain exported from the United States must be officially weighed and inspected. In addition, all U.S. corn exports must be tested for aflatoxin prior to shipment, unless the contract stipulates that testing is not required. Official inspection and weighing of U.S. grain in domestic commerce are performed upon request

Under the Agricultural Marketing Act of 1946, FGIS provides and enforces certain inspection and standardization activities related to rice, pulses, lentils, and processed grain products such as flour and corn meal, as well as other agricultural commodities.

Official inspection and weighing services are provided on a fee basis for both domestic and export shipments. User fees presently account for approximately 76 percent of FGIS' operating budget. Currently, only standardization and compliance activities are funded by appropriations.

## **Organization**

The agency is comprised of two headquarters units -- one in Washington, D.C., and one in the FGIS Technical Center in Kansas City. Washington headquarters includes: the Compliance Division, the Agency's regulatory arm; the Field Management Division, which oversees the operation of the official system and, establishes official standards and procedures for grain inspection and weighing; and, the Resources Management Division, the Agency's administrative support section. Also in Washington is the International Monitoring Staff, a part of the Office of the Administrator. The Staff is the Agency's international arm and is involved in international collaborative studies, monitoring grain shipments from origin and destination; and responding to grain quality or weight complaints.

The Technical Center is home to the Quality Assurance and Research Division, the hub of FGIS research, development, technical training, and quality control activities.

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Farm Sector Financial  
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Policy Branch

Human Resources and  
Industry Branch

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History Branch

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Branch

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Risk Branch

Land and Global  
Resources Branch

Productivity and Emerging  
Technologies Branch

Resource Policy Branch

Water Branch

## **POLICY STAFF ANALYSIS FUNCTION**

ERS supports policymakers (decisionmakers) across the Government by responding to their needs for information in response to direct requests. These requests, which require immediate response (1 - 5 days), fall into four categories.

1. The nature of many requests is to indicate costs, benefits, and operational impacts different segments of the economy would experience under alternative laws, regulations, or operating procedures.

EXAMPLE: Estimate the cost of cargo preference on trade, agriculture, on P.L.-480 programs, and on the wheat sector.

EXAMPLE: Analyze the effect of a simultaneous reduction in use of the U.S. EEP program and EC export subsidies on U.S. grain exports.

EXAMPLE: Assess the effects of grain credits to the former Soviet Union on 1) the price of wheat in the United States, 2) price of flour, and 3) impacts on employment in the milling and baking industry.

2. Some requests seek background information, insights, and appraisals of events that can have or having impacts on the nation, regions, or segments of the population.

EXAMPLE: Put a perspective on the Gila River flooding in Arizona on supply, prices, and producer impacts as a result of damage to iceberg lettuce and other cool season vegetables.

EXAMPLE: Analyze the production and price effects of the White Fly infestation.

EXAMPLE: Discuss the economic impacts of the California drought on San Joaquin Valley agriculture and related industries.

3. Other requests pertain to information on linkages and causal factors that result in interdependence among regions, groups, industries, etc.

EXAMPLE: Prepare a paper showing regional economic and farm sector performance in comparison with aggregate U.S. performance over time.

EXAMPLE: Develop a statement on the economic importance of tobacco to the Nation.

4. Sometimes requests are made for ERS analysts to provide oral briefings.

EXAMPLE: The Deputy Secretary requested a briefing on implementation issues and effects of new water related legislation on the California Central Valley Project.

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Over the past three years, ERS has averaged over 600 such requests each year. GATT and NAFTA alone resulted in over 220 requests.

## STUDIES OF KEY ISSUES

ERS carries out in-depth studies of current issue areas. These studies provide decisionmakers with comprehensive background information and impact analysis. The origins of these studies can be requests from the Office of The Secretary, mandates in legislation, requests to the Department from individual Senators or Representatives, requests from other Departments or Agencies, or they are self-initiated in ERS. The scope of these studies range from what can be done by one analyst to studies organized as ERS or cross-agency teams.

### 1. Examples of OSEC requested studies.

- o *Economics of Ethanol Production in the United States*, AER 607. This study was requested by the Office of the Secretary. The report examined production costs and the relative competitiveness of the ethanol industry. It evaluated structural characteristics of the industry and the economies of scale. This study in conjunction with the earlier ERS study, *Ethanol - Economic and Policy Tradeoffs*, provides the Department with complete knowledge of the ethanol industry, the policies under which the ethanol industry has been fostered, and the technical information necessary for future policy decisions.
- o When it first became apparent that FDA was beginning the path of consideration to approving bST for use in dairy cows, the Secretary requested that ERS conduct a study of the potential economic effects of bST use in dairy cattle. The study, *bST and the Dairy Industry A National, Regional, and Farm-level Analysis*, AER 579, analyzed the likely effects on overall milk supplies, milk prices, milk production costs and returns, location and structure of milk production, the dairy price support program, and the U.S. competitive position in world dairy markets. The study drew on expertise at universities, the industry, and proprietary companies. This study was then updated and extended at the request of the Chairman of the Senate Agriculture Committee, *Biotechnology and Agriculture: Emergence of Bovine Somatotropin (bST)*, AGES 9037.

### 2. Examples of legislatively mandated studies.

- o Title XV, Section 1551 of the Food, Agriculture, Conservation and Trade Act of 1990 mandates the Secretary of Agriculture to study the effects on the United States agricultural economy of the creation of a North American free trade area. ERS assembled a team to carry out the mandated analysis and produced three reports. The first report, an interim report, was sent to Congress in April 1991 ahead of the major negotiations. A second report, *Agriculture in a North American Free Trade Agreement*, FAER 246, was made available to Congress and published ahead of the completion of the negotiations in September 1992, and a third report, *Effects of the North American Free Trade Agreement on U.S. Agricultural Commodities*, which summarized the agreement and analyzed the expected effects was transmitted to Congress after the agreement was signed.
- o Rural economies in the 1980's were characterized by slow job growth and high unemployment, outmigration and reduced population growth, and underdeveloped human resources. In response to these conditions, the Senate Appropriations Committee directed the Economic Research Service to "... conduct a study to identify alternatives for maintaining and strengthening economic development in rural communities...." ERS used a team approach to provide Congress with a 395-page report that synthesized existing knowledge on rural issues. The report provided

information on changes in the structure and performance of the rural economy and on alternative policies to help displaced people and rural communities adjust to change. Macroeconomic, sectoral, territorial, and human resource policies were identified as the four general elements of public intervention. The strengths and weaknesses of policies under these areas were discussed. *Rural Economic Development in the 1980's Prospects for the Future*, RDRR 69.

3. Example of a study requested by an individual Congressman.

- o The FACT Act has a provision that if the United States has not entered into a GATT agreement by June 30, 1992, then the Secretary may waive minimum ARP requirements for the 1993-95 crops. Senator Dole requested a study of the effects ARPs and no ARPs on exports, input suppliers, domestic consumers, farm income, and farm program costs. The study was transmitted to Senator Dole in May 1992.

4. Example of a study requested by OMB.

- o In the 1990 budget passback, OMB requested a study to address the broad questions concerning disaster assistance and stabilization of the farm sector. An initial report, *Crop Insurance and the 1990 Farm Bill: An Assessment of Program Options*, was transmitted to OMB in the summer of 1989. It examined alternatives to the existing program, including revenue insurance, free crop insurance, compulsory crop insurance, and disaster assistance. A second report, *Reforming Federal Crop Insurance*, was transmitted to OMB in December 1992. This report examined the performance of the crop insurance program during the 1980's and documented the reforms currently being undertaken by FCIC. It also provided analysis of area loss insurance, concluding that area loss insurance could provide an alternative to individual-based insurance.

5. Examples of self-initiated studies.

- o ERS prepared a basebook series for 13 commodities and agricultural export programs, *(Commodity) Background for 1990 Farm Legislation*. The series provide historical data, explain programs, and document the structure of the particular commodity sector. These basebooks, available at the time the 1990 Farm Bill was being debated, gave all parties up-to-date information about commodities and trade.
- o ERS released a study that assessed how well the Conservation Reserve Program (CRP) did in reaching each of its multiple goals. The CRP's progress toward its explicit goals was measured against other effects that the program had on the overall economy. *The Conservation Reserve Program An Economic Assessment*, AER 626.
- o ERS undertook a study to analyze government intervention in the agricultural sectors of the market-oriented countries active in international agricultural trade. The results showed levels of assistance or taxation to agricultural producers and to consumers in the form of domestic farm programs and agricultural trade barriers which were measured by parameters known as producer and consumer subsidy equivalents. This work was a pioneering effort as it provided the only consistent base of information for comparing government intervention in agriculture across commodities and countries. As such, this work has been an important source of information for the GATT negotiations. *Government Intervention in Agriculture Measurement, Evaluation, and Implications for Trade Negotiations*, FAER 229.

## ECONOMIC RESEARCH SERVICE CORE PROGRAM ACTIVITIES

Associated with the growing interdependency of US agriculture and the rural economy with national and global economies is the need and demand for a better understanding of the food and agricultural system—its resources and production, consumption, and trade components—and the behavioral linkages among these components and those of the rural economy to national and global markets.

The mission of ERS is to develop this improved understanding and to apply it to current and emerging problems in order to provide a timely, analytical basis for public policymaking and private decisionmaking. Accomplishment of this mission requires that ERS engage simultaneously in knowledge creation and its application and dissemination. New knowledge is needed for a better understanding of the food and agricultural system, larger rural economy, and environment and their behavior. New knowledge comes largely from research and data base development activities. ERS uses this stock of accumulated knowledge and understanding to provide timely, analytically based information about current and anticipated conditions and changes in the food and agricultural system and rural economy and their likely effects on US agriculture and rural America.

The core program activities are:

- **Situation and Outlook**—analysis of the current situation and forecasts/projections of the outlook
- **Economic and Social Indicators**—basic information on the economic and socioeconomic status of the food and agricultural system, associated resources, and rural economy, including farm income, per-capita food consumption, earnings of rural people, and agricultural productivity
- **Staff Analysis**—analysis of current issues being addressed by USDA
- **Research and Data Base Development**—creation of the knowledge base for the other three core activities

ERS's FY 1993 budget is \$58.7 million. Of that total, approximately one-fourth is allocated as a fixed commitment to other agencies with which ERS is associated (\$8.5 million) or to cover internal overhead costs (\$7.1 million) (Table 1). An additional \$5.2 million are allocated to support major survey activities, leaving ERS with \$37.9 million for the four types of program activities described above: situation and outlook activities to support the Department's programs (\$7.4 million); economic and social indicators work to develop, maintain, and disseminate information on economic and social conditions (\$9.2 million); staff analysis to provide economic analysis of pressing issues being raised in the

Department (\$7.4 million); and research (\$13.8 million).

### **ERS's Situation and Outlook Activities Develop Information on Current and Future Market Conditions**

ERS's situation and outlook program is designed to provide intelligence and analysis of current conditions and both near- and long-term developments in food and agricultural markets. This information is needed to support market operations and the management of public programs related to agriculture and the rural economy. The situation and outlook program provides both sector breadth and subsector depth in describing, with time sensitive data, current market conditions. Situation and outlook activities meet a demand for comprehensive and accessible data on a wide variety of topics that concern the Department and are required for program decisions, policy analysis, and forecasting.

The analysis covers commodities, foreign countries, trade, food/marketing, farm income/finance, resources/inputs, policy information, and rural development. Also critical is integrating the intelligence and analysis into a comprehensive view of the sector, ensuring consistency across the different subject areas. ERS's lead role in USDA's "baseline" activities (projecting trends under the assumption of normal weather, etc.) is an important component of situation and outlook activities. ERS coordinates much of the analysis, conducts underlying research on long-term factors affecting US and global agriculture, and prepares the baseline publications for internal distribution. The baseline becomes the Department's benchmark for measuring the impact of various policy, financial, technological, and resource-use scenarios. It also provides the basis for 5-year budget projections.

Table 1—FY 1993 Allocation

|                             | <i>Million dollars</i> | <i>Staff-years</i> |
|-----------------------------|------------------------|--------------------|
| <b>ERS total</b>            | <b>58.7</b>            | <b>840</b>         |
| <b>External fixed</b>       | <b>8.5</b>             | <b>119</b>         |
| OE                          | .6                     | 7                  |
| EAS                         | .3                     | 4                  |
| EMS                         | 5.6                    | 108                |
| Indirect                    | 2.0                    | 0                  |
| <b>Internal overhead</b>    | <b>7.1</b>             | <b>100</b>         |
| Data Services Center        | 4.2                    | 67                 |
| Reference Center            | .2                     | 3                  |
| Agency IRM Account          | .3                     | 0                  |
| Office of the Administrator | 2.4                    | 30                 |
| <b>Survey funds</b>         | <b>5.2</b>             | <b>0</b>           |
| <b>Program functions</b>    | <b>37.9</b>            | <b>621</b>         |
| Situation and outlook       | 7.5                    | 134                |
| Indicators                  | 9.2                    | 103                |
| Staff analysis              | 7.4                    | 122                |
| Research                    | 13.8                   | 262                |

Each year, ERS publishes approximately 150 situation and outlook reports on nearly 30 different topics (Table 2). These include costs of production, inputs, international (foreign countries and global), domestic crops, livestock, poultry, specialty products, productivity, marketing margins, farm income, and macroeconomic data. Paid subscriptions and reprints account for about 220,000 reports annually.

**ERS's Economic and Social Indicators Program Develops Data that Provide a Comprehensive Picture of Agricultural and Rural Conditions**

ERS produces a host of economic and social indicators on such diverse topics as agricultural land values, the costs of production for major crop and livestock enterprises, nonmetro earnings, per-capita food expenditures, and world trade in agricultural commodities (Table 3). In the aggregate, these indicators describe the status and major trends over time of the food and agricultural system, natural resources, and the rural economy.

To provide primary data not available from other sources, ERS funds surveys each year on farm costs and returns, farmland values, natural resources, and water quality. The surveys are conducted in response to mandates and information requests from different sectors of the Government. For example, the Farm Costs and Returns Survey is congressionally mandated. The Pesticide and Chemical Use Survey and Water Quality Survey originated as Executive Branch initiatives. Others were begun at the discretion of ERS management. By providing an unbiased and highly regarded pool of information, the various surveys further the quality of data available to the public. ERS adds considerable value to the collected data through interpreting them, correcting them, and putting them in publications and electronic data bases that make them more publicly accessible.

Table 2—Outlook Reports

|                             |
|-----------------------------|
| Commodity Analysis:         |
| Aquaculture                 |
| Cotton and Wool             |
| Cotton and Wool Update      |
| Dairy                       |
| Feed                        |
| Fruit and Tree Nuts         |
| Livestock                   |
| Livestock Newsletter        |
| Oil Crops                   |
| Poultry                     |
| Rice                        |
| Sugar and Sweeteners        |
| Tobacco                     |
| Vegetables                  |
| Wheat                       |
| Foreign Country Analysis:   |
| Africa and Middle East      |
| Asia and Pacific Rim        |
| China                       |
| Europe                      |
| Former Soviet Union         |
| Global Food Assessment      |
| Western Hemisphere          |
| Trade Analysis:             |
| Foreign Agricultural        |
| Trade of the United States  |
| Quarterly Outlook for       |
| U.S. Agricultural Exports   |
| Trade Newsletter            |
| Resources/Inputs:           |
| Agricultural Resources      |
| Food/Marketing:             |
| Food Cost Review            |
| Food Review                 |
| Food Market Review          |
| Farm Income/Finance:        |
| Economic Indicators         |
| Income and Finance          |
| Rural Development:          |
| Rural Conditions and Trends |
| Integration/Coordination:   |
| Agricultural Outlook        |
| AO Chartbook                |
| AO Yearbook                 |
| Testimony Package           |

Major users of the indicators are Congress (which has mandated many of the indicators) and the Administration, which uses the data to help formulate, administer, implement, and evaluate agricultural and rural programs and policies. However, the indicators are also used by a wide range of nongovernmental sources, including agricultural and food producers, university researchers, rural bankers, and agribusiness decisionmakers. By contributing to a better public understanding of ongoing events in the agricultural sector and rural areas, the indicators serve the interests of domestic and global producers and consumers alike. The indicators constitute much of what most people know about US agriculture and the rural economy.

### **ERS's Staff Analysis Provides Analytical Responses to Departmental Questions**

ERS serves as the Department's principal source of economic intelligence. Through ERS's staff analysis activities, ERS provides immediate and direct analysis to aid in decisionmaking involving critical issues arising throughout the Department. The analysis is almost always prepared in response to Department-initiated requests for specific information.

The staff analysis ERS is asked to prepare covers the full spectrum of issues being addressed at the departmental level—from trade issues to food safety and from farm bill implementation to farm income forecasts. The volume associated with different issues mirrors those being addressed by the Department. A year in which a new farm bill is coming up or being implemented is likely to generate a somewhat different range of requests than a year in which there are intense trade negotiations, farm income is very low, or some part of the country is experiencing a severe drought. Recent issues that generated a considerable volume of staff analysis requests include the concept of targeting commodity program benefits,

**Table 3—Examples of Economic and Social Data Bases and Indicators**

|                                           |                                                         |
|-------------------------------------------|---------------------------------------------------------|
| <b>Food and Fiber</b>                     |                                                         |
|                                           | Costs of Production                                     |
|                                           | Employment and Value Added by the Food and Fiber System |
|                                           | Farm Income and Related Estimates                       |
|                                           | Farm Sector Balance Sheet                               |
|                                           | Food Spending by American Households                    |
|                                           | Food Consumption Statistics                             |
|                                           | Market Basket Statistics                                |
|                                           | Total Food Expenditures                                 |
|                                           | U.S. Food Supply Statistics                             |
| <b>International</b>                      |                                                         |
|                                           | Food Aid Needs Estimates                                |
|                                           | Producer and Consumer Subsidy Equivalents               |
|                                           | Trade Barriers                                          |
|                                           | Trading Partner Data by Commodities                     |
|                                           | U.S. Agricultural Trade                                 |
|                                           | U.S. and Foreign Export Promotion Activities            |
|                                           | Value Weighted Quality Indexes for Agricultural Exports |
|                                           | World Agriculture: Trends and Indicators                |
|                                           | World Economy and Exchange Rates                        |
|                                           | World Trade in Selected Agricultural Commodities        |
| <b>Resources and Technology</b>           |                                                         |
|                                           | Agricultural Land Values and Real Estate Transfers      |
|                                           | Agricultural Production and Efficiency                  |
|                                           | Cash Rents and Grazing Fees                             |
|                                           | Farm Real Estate Taxes                                  |
|                                           | Foreign Ownership of Agricultural Land                  |
|                                           | Major Land Uses in the United States                    |
|                                           | Farm Inputs and Cropping Practices                      |
| <b>Rural Development and Rural People</b> |                                                         |
|                                           | Bank Operating Statistics                               |
|                                           | Characteristics of Hired Farm Workers                   |
|                                           | Economic and Social Structure of Nonmetro Countries     |
|                                           | Farm and Rural Population Estimates                     |
|                                           | Macroeconomic Indicators                                |
|                                           | Nonmetro Employment, Unemployment, and Earnings         |
|                                           | Off-Farm Income                                         |
|                                           | Poverty in Nonmetro Areas                               |
|                                           | U.S. Counties Delineated by Farming Characteristics     |

GATT, NAFTA, ethanol and other biofuels, food safety and nutrition, and the California drought.

Typically, staff analysis provides a brief analysis of an issue and/or the potential consequences of an action and serve as economic input to the decisionmaking process. Quick responses to specific situation, policy, or impact questions are generally needed. Thus, it is necessary for analysts to draw heavily on previously completed work or the general intelligence they have gained on an issue through their other analytical activities. Seldom is there time for new analysis; so the research on the general subject is a critical foundation on which the staff analysis must depend.

Staff analysis requests are received from a wide range of individuals and agencies, but most originate in the Department and are routed through the Office of the Assistant Secretary for Economics. The volume of staff analysis has increased significantly over the last 5 years, doubling between FY 1989 and FY 1991, when over 12 requests were prepared per week (Table 4). The volume declined slightly in FY 1992.

Table 4—Staff Analysis Activity

|                          | <i>Fiscal year</i> |      |      |      |      |      |      |      |
|--------------------------|--------------------|------|------|------|------|------|------|------|
|                          | 1985               | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 |
| Number of requests       | 162                | 271  | 273  | 311  | 363  | 586  | 641  | 596  |
| Requests per working day | .65                | 1.08 | 1.09 | 1.24 | 1.45 | 2.34 | 2.56 | 2.38 |

### **ERS's Research and Data Base Development Program Serves as the Analytical Foundation for all other Program Activities**

In FY 1993, one-third of ERS program resources (\$13.8 million) are being directed toward ERS's core research activities that include research on commodity market performance, trade and competitiveness, resource use and technology adoption, and farm and rural economic conditions. This includes service to other USDA agencies. As the Department's economics agency, agency analysts participate in and contribute to a significant number of interagency or departmental priority activities or simply provide a service to other agencies. In FY 1992, for example, ERS was heavily involved in many departmental initiatives, special projects, and mandated studies: the interagency Database and Evaluation Committee and other committees charged with carrying out the Water Quality Initiative; a large, multiyear study for FGIS to determine the costs and benefits of improving grain and oilseed quality; a regulatory impact analysis of food labeling proposals; a number of activities related to implementation of the Endangered Species Act; an interagency study to update cost data for determining grazing fees;

at the request of the Office of the Secretary, the preparation of a series of six information reports on ethanol; and several research projects with ASCS.

Special projects, mandated studies, and departmental initiatives draw on as much as 10–15 percent of ERS's core research resource base.

ERS research covers a broad range of themes, is designed to gain a better understanding of the conditions of different economies, market systems, and sectors, and the underlying relationships that define them. Policy research is a basic element of all of ERS's research. Policy research examines the effects of existing policy or potential policy alternatives on the conditions and linkages within and among agricultural sectors and the rural, regional, national, and global economies of which they are a part. The product of this research is an analytical capacity that contributes to a better understanding of global and national policies, of how policy influences agricultural markets, the behavior of governments in setting policy, and how policy is integrated within and across countries.

For example, the agricultural sector, whether viewed from a US or another country perspective, is affected by trade, environmental, and macroeconomic policies. Agricultural producers in the United States use pesticides in the production of commodities. If pesticide use is restricted to protect the environment (i.e., water quality, human and/or wildlife safety), then the producer's cost structure changes. The mix of commodities and how they are produced, the competitiveness of US commodities in international markets, farm income, consumer prices, Federal outlays, and rural well-being may or may not be affected, but policymakers need to know whichever is the case. Similarly, agricultural and trade policies have an impact on the environment and the rural community.

Several different but often related research themes provide the overall framework for ERS's core research and data base development program.

#### SUPPLY, DEMAND, AND PRICE IN THE FOOD AND AGRICULTURAL SYSTEM

ERS carries out a comprehensive program of supply, demand, and price analysis for a wide variety of commodities and products, including farmland, production inputs, basic farm commodities, high-value processed products, and rural labor. Activities include maintaining and disseminating related data and indicators, monitoring and forecasting changes in markets, and assessing the impacts of policies, programs, new technologies and products, and changing consumption patterns on commodity markets and farm income.

The research focuses on the development and refinement of supply, demand, and price forecasting methods and models. It encompasses economic analysis of production, marketing, distribution, trade, and use for individual commodities as well as cross-commodity relationships and relationships between the agricultural sector and the general economy. Relationships between the US producers and

domestic and foreign consumers, and between foreign producers and US consumers of imported products are included in the research program, to support policy analyses. Similarly, domestic and international supply and demand responses to alternative agricultural and trade policies of the United States and of other countries are included. An additional component of the research examines the potential effects of factors associated with natural resource degradation, sustainable agriculture, and other environmental concerns on supply, demand, and price relationships within agriculture.

#### AGRICULTURE AND FOOD MARKETING

ERS's marketing research program examines the diverse aspects of the producer-to-consumer agricultural marketing system for production inputs, farm products, and processed products. The objective is to analyze factors affecting the structure, behavior, and performance of the US marketing system. This includes assessing developments in agricultural inputs, food processing, wholesaling, retailing, and food service subsectors; analyzing the impact of changes in the linkages between food marketing firms, agricultural production, and retail demand; and evaluating the impacts of foreign investment and trade on the US and global food marketing systems.

Research on the relationships between commodity markets and commodity programs and on the risks and public/private risk sharing associated with alternative marketing and pricing arrangements supports USDA's understanding of commodity marketing and pricing institutions and the interrelationships between commodity markets and Federal programs. At issue is the effectiveness of public and private marketing institutions and practices—from the farmer and food handlers through manufacturers and distributors—in a system undergoing dramatic change.

#### FOOD SAFETY AND QUALITY AND NUTRITION EDUCATION

As national concern about the safety and nutritional value of its food has grown, ERS has devoted more of its research resources to gaining a better understanding of the economic aspects of food safety and nutrition issues. ERS's research in the food safety area is focused on understanding how food production and handling practices can be altered to reduce chemical and microbial contamination and the effects of foodborne risks on food prices. The research program is designed to better understand the economic tradeoffs facing producers, processors, consumers, and regulators. Complementary research is enhancing ERS's and the Department's foodborne risk assessment and risk management capabilities for both microbial and chemical contaminants. Analysis of alternative food safety public policy options and their costs include the study of how food safety information is developed and disseminated and the study of market/legal/regulatory incentives for food safety information.

ERS also carries out research and analysis on nutrition-education-related issues to support departmental decisionmaking on programs and policies. In cooperation with other research and program agencies, ERS is working to develop sound and consistent evaluation techniques for assessing progress in improving the diets of individuals at nutritional risk. In related research, ERS analyzes trends in food production and consumption as well as the factors influencing the supply of and demand for raw and processed foods.

Currently, ERS is expanding its economic research on factors affecting household and individual food choice and diet quality. This research is geared to support improved analysis and evaluation of USDA food assistance and nutrition education programs.

#### AGRICULTURE AS A SECTOR

The analysis of agriculture examines both the internal characteristics of the sector and the place that agriculture, broadly defined, has in the larger regional, national, and global economies. As such, it is designed to improve our basic understanding of the internal dynamics of the sector as well as the evolving relationship between the sector and larger economies. Internal to farming per se, the research focuses on the structure, performance, and financial status of agriculture at the sectoral, farm business, and farm-operator-household levels. This work includes developing income and expenditure estimates and balance sheets at the sectoral, farm business, and farm household levels. Analyses of costs of production for key farm commodities are developed under this research.

Research examining agriculture in a larger context allows us to better understand the linkages between the agricultural sector and the local, regional, national, and global economies of which it is a part and the labor and financial markets and institutions that influence the performance of the sector. Understanding these relationships allows us to assess the impacts of changes in agriculture on rural areas and the impacts of macroeconomic conditions and finance and tax policies on the sector, farms, and farm households.

#### THE EVOLVING RURAL ECONOMY

The future of rural America depends in large part on how well the rural economy adapts to the increasingly competitive national and international markets. This research involves analysis of industrial composition, occupational structure, labor markets, and regional diversity of the rural economy to gain a better understanding of the transformations that are occurring in the rural economy in response to changing market conditions. The work includes examination of the internal and external factors that influence the performance of the rural economy and the related economic well-being of rural people. Drawing on and complementing this research is work investigating the potential of a range of strategies to promote rural development and the institutional issues associated

with carrying out rural development activities at the local level. An important component of this research on the rural economy focuses on the relationship between the rural and national economy that facilitates a better understanding of the implications of changes in national economic conditions and policies on rural areas.

#### AGRICULTURE IN A GLOBAL SYSTEM

Countries are the major components of the world food and agricultural system. Critical to ERS's situation and outlook and staff analysis activities is the core research and data base development program that provides the basic analytic understanding of the integrated nature of global agriculture, agricultural policies, and trade relationships. This requires understanding a country and region's resource base and the behavior of input markets; the structure and performance of the agricultural, agribusiness, and consumer sectors; and the technological, institutional, and physical infrastructure. It also requires an understanding of agricultural and trade policies and the policy-response behavior of governments. For example, continued investment in human and analytic capacity (knowledge creation) on the major actors in agricultural markets is a research activity in ERS's broader analytic effort to understand the forces that shape global markets. That continuing investment provides capacity to provide useful and relevant information to decisionmakers on the economic implications of changes in the economic and trade environments.

Much of ERS's ongoing trade-related agenda is shaped by the rapid pace of change taking place in the world. ERS examines the opportunities for commercial US exports to the rapidly growing North African and the Middle Eastern markets and the long-term development problems and continuing food aid needs in sub-Saharan Africa. The most important issues affecting Asia and Pacific Rim agricultural trade will be the sustainability of growth and the agricultural and trade policy responses to this growth that are forging the region into a major trading bloc. Analysis of China focuses on the effects on agricultural production and emerging food markets of the different pace of economic and political reforms. ERS is assessing the effects of continuing integration of European markets and the financial strains caused by Europe's high farm subsidies. Analysis on the former USSR republics continues to quantify the import-demand declines that are associated with the dislocations inherent in moving from administrative to market allocation of resources. Continued market-oriented reforms and proliferating economic and trade agreements in the Western Hemisphere will greatly alter agricultural trade in the region. These and other trade-related issues are dominating ERS's trade-research agenda this year. The product of that research focus will be useful input into ERS's situation and outlook, economic and social indicators, and staff analysis efforts as well as the Department's efforts to develop a long-term agricultural trade strategy.

## AGRICULTURE, TECHNOLOGY, AND THE ENVIRONMENT

ERS responds to scores of current resource and environmental policy issues such as assessing the impacts of the California drought or the Endangered Species Act through a research program on the economics of agricultural resources, technology, and the environment. The central theme of this research is to understand the interrelationships between the practice and policies of agriculture and the environment. The core program includes agricultural productivity; the use and value of land and water resources; the supply of and demand for agricultural chemicals, machinery, and energy; the economics of soil, water, and resource conservation; technology research, development, and diffusion; and environmental valuation and risk assessment. In FY 1993, ERS plans to expand key research programs in the areas of global environmental change, food safety, and water quality. Other key research issues include environmental valuation and accounting, biotechnology regulation and risk assessment, tradeoffs between public and private research and development funding, issues of drought and water supply and demand, and ethanol and biomass energy.

## **BOARD OF CONTRACT APPEALS**

During FY 1992, the Department issued over 19,000 contract actions obligating \$2.7 billion for the procurement of supplies, services and construction to support agency operations. In addition, the Forest Service timber sale program resulted in \$934 million worth of contracts during the same period.

The Board was established as an independent, impartial agency under the Contract Disputes Act, 41 U.S.C. § 601-613, and is authorized to adjudicate claims arising under these contracts. The Board is empowered to grant the same relief in contract matters as the United States Court of Federal Claims. At the present time, the Board has 150 appeals on its docket. Board decisions are not reviewable within the Department, but may be appealed by contractors or the Department to the United States Court of Appeals for the Federal Circuit. Board decisions are published and establish case precedents in the field of Government contracts.

The Departmental agencies are represented before the Board by attorneys from the Office of the General Counsel. Contractors are generally represented by private counsel, although a number of contractors on small dollar value appeals represent themselves. Many of these appeals require formal hearings on the record with a Board member presiding. The Board is authorized to subpoena witnesses and require the Department to pay attorney fees and costs in cases where the Department's position was not substantially justified.

The Board's mission is simply to provide to the fullest extent practicable, impartial, expeditious and economical resolution of disputes. With 150 appeals on its docket, the Board acts for the Secretary, and other Department officials, thereby minimizing congressional inquiries, IG investigations, and adverse newspaper publicity arising from complaints by contractors with claims against the Department. Most importantly, the existence of such a judicial forum results in greater numbers of contractors willing to bid on the Department's requirements and reduces the inclusion of contingency factors in bids which are received. This significantly decreases the Department's costs of doing business.



Board of Contract Appeals  
United States Department of Agriculture  
Washington, D.C. 20250-0600  
(202) 720-7023

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November 16, 1992

**INFORMATIONAL MEMORANDUM FOR THE SECRETARY/DEPUTY SECRETARY**

**THROUGH:** Charles R. Hilty      **NOV 24 1992**  
Assistant Secretary  
for Administration */s/ Charles R. Hilty*

**FROM:** Edward Houry, Chairman  
Board of Contract Appeals *EH*

**SUBJECT:** Agriculture Board of Contract Appeals  
Annual Report - Fiscal Year (FY) 1992

During FY 1992, the Department issued over 19,000 contract actions obligating \$2.7 billion for the procurement of supplies, services and construction to support agency operations. In addition, the Forest Service timber sale program resulted in \$934 million worth of contracts during the same period. The Board was established under the Contract Disputes Act, 41 U.S.C. 601-613, and is authorized to adjudicate claims arising under these contracts. The Board is empowered to grant the same relief in contract matters as the United States Claims Court. As of the end of FY 1992, the Board had 125 appeals on its docket. Board decisions are not reviewable within the Department, but may be appealed by contractors and the Department to the United States Court of Appeals for the Federal Circuit.

**The Board's Functions**

While the Board also has jurisdiction over certain debarments, the Board's primary function is to hear and decide appeals from decisions of agency contracting officers. The agencies are represented before the Board by attorneys from the Office of the General Counsel. Contractors are generally represented by private counsel, although a number of contractors on small dollar value appeals represent themselves. Many of the appeals require formal hearings on the record with a Board member presiding.

The number of appeals on the Board's docket and the agencies from which the appeals originated are set forth in the table below.

|                                                      | FY 92<br>APPEALS | FY 92<br>DISPOSITIONS | TOTAL<br>PRESENTLY<br>ON DOCKET |
|------------------------------------------------------|------------------|-----------------------|---------------------------------|
| Forest Service                                       | 104              | 142                   | 93                              |
| Soil Conservation Service                            | 6                | 26                    | 13                              |
| Agricultural Stabilization<br>& Conservation Service | 13               | 21                    | 10                              |
| Farmers Home Administration                          | 6                | 9                     | 1                               |
| Agricultural Research<br>Service                     | 3                | 5                     | 3                               |
| Animal & Plant Health<br>Inspection Service          | 5                | 5                     | 4                               |
| Office of Operations                                 | 2                | 4                     | 1                               |
| Office of Finance and<br>Management                  | 1                | 1                     | 0                               |
| Federal Crop Insurance<br>Corporation                | 0                | 1                     | 0                               |
| Agricultural Marketing<br>Service                    | <u>1</u>         | <u>2</u>              | <u>0</u>                        |
|                                                      | 141              | 216                   | 125                             |

The 125 appeals now on the docket were filed by contractors from 28 states and the District of Columbia. Examples of the type of contract, the nature of the appeal disposed of, and the affected agencies are set forth in Attachment 1. Examples of the legal issues considered are set forth in Attachment 2.

#### Workload Data

A total of 141 appeals was filed with the Board during FY 1992. This was eight more than the 133 appeals filed during FY 1991.

The Board disposed of 216 appeals during the same period, reducing the number of cases on the docket from 200 to 125.

Of the 216 appeals disposed of, 94 were by decision or ruling. The remaining 122 appeals were settled by the parties. Settlement generally occurs after significant Board involvement, such as

issuing prehearing orders, conducting telephone conference calls, ruling on preliminary motions, and/or setting the appeal for hearing.

### Litigation

Under the Contract Disputes Act, appeals from Board decisions must be made directly to the United States Court of Appeals for the Federal Circuit. Pre-Act appeals must be made directly to the United States Claims Court. Eventually, as the six-year statute of limitations for appealing Pre-Act appeals expires, all appeals will be to the Federal Circuit.

The Federal Circuit affirmed three of the Board's decisions in the only opinions rendered by the court involving the Board. Six appeals were taken to the Federal Circuit this year. A total of six appeals remains pending. All case names and citations appear in Attachment 3.

### Management

The Board continues (since 1987) to offer the parties opportunities for Alternative Disputes Resolution (ADR) procedures to simplify, reduce costs, and expedite appeals. The notice regarding the availability of such procedures was recently revised and is included with each docketing letter. (See Attachment 4.) We have experienced only limited interest by the parties in ADR procedures. This experience is consistent with that at other boards where similar procedures are offered.

On May 31, 1991, the Board published proposed changes to its rules in 7 CFR Part 24 to reflect changes in Departmental regulations for suspension and debarment. The Board also proposed to delete its rules from 7 CFR Part 2400 since these rules had been superseded. No comments were received. The final changes appear in 56 Fed. Reg. 54531, dated October 28, 1991.

### Attachments

**DISTRIBUTION LIST:**

Assistant Secretary, Administration  
Chief Judge, Office of Administrative Law Judges  
Director, Office of Advocacy and Enterprise  
Director, Office of Finance and Management  
Director, Office of Information Resources Management  
Director, Office of Operations  
Director, Office of Personnel  
Judicial Officer  
General Counsel  
Deputy General Counsel  
Associate General Counsel Legislation, Litigation,  
Research & Operations  
Assistant General Counsel Research & Operations Division  
Associate General Counsel Community Development & Natural  
Resources  
Assistant General Counsel Natural Resources Division  
Associate General Counsel International Affairs,  
Commodity Programs & Food Assistance Programs  
Assistant General Counsel International Affairs,  
Commodity Programs Division  
All OGC Field Offices  
Administrator, Agricultural Stabilization &  
Conservation Service  
President, Commodity Credit Corporation  
Assistant Secretary, Natural Resources & Environment  
Chief, Forest Service  
Associate Chief, Forest Service  
Chief, Soil Conservation Service  
Administrator, Agricultural Research Service  
Administrator, Agricultural Marketing Service  
Administrator, Farmers Home Administration  
Administrator, Food Safety & Inspection Service  
Administrator, Animal Health & Plant Inspection Service  
Manager, Federal Crop Insurance Corporation

Examples of Agencies Involved, Types of  
Contracts, and Appeals Disposed of in FY 1992

AGRICULTURAL RESEARCH SERVICE (ARS). Eslin Company involved a \$4,260,000 renovation of ARS Building 007 in Beltsville, Maryland. The window portion of the specification provided for Pella "or equal" windows. After the Government rejected Eslin's proposed "or equal" window, Eslin supplied the Pella window and filed a \$121,784 claim for the increased cost. A divided Board sustained the appeal, holding the Government's rejection of the proposed "or equal" window was wrongful because, among other things, the Government did not specifically identify and list the "salient" characteristics of the Pella window as required by Departmental regulations.

FEDERAL CROP INSURANCE CORPORATION (FCIC). Shelby Crop Insurance Corporation involved a contract for the sale and servicing of crop insurance policies. The contract required Shelby to train and supervise its personnel, and to indemnify FCIC for the errors of these personnel which rendered FCIC liable to producers. Shelby sold insurance for soybeans without requiring the insured to provide written verifiable records of previous acreage production, as required by regulation. The insured producer suffered soybean losses which were paid by FCIC. FCIC sought reimbursement from Shelby. The Board denied Shelby's appeal, permitting FCIC to be indemnified, because Shelby failed to adequately supervise its personnel as required by the contract.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS). Foreign Trade Zone Group, Inc., involved a lease of office space in Cape Canaveral, Florida. The Board dismissed Appellant's appeal against the award of the lease to another contractor, on the basis that the appeal was not a claim under a contract, but a protest against award over which the Board lacked jurisdiction.

AGRICULTURAL MARKETING SERVICE (AMS). Pyramid Packing, Inc., involved a \$118,000 AMS claim for excess costs of procurement of raisins following termination of Pyramid's contract for default. Pyramid had failed to make timely delivery of raisins meeting the AMS specifications. The Board found Appellant's failure to deliver excusable because the Government-specified source, over which Pyramid had no control, delivered poor quality raisins to Pyramid, causing Pyramid to be unable to deliver in a timely manner. The Board also concluded that AMS was not entitled to excess costs of procurement because the record contained no evidence that the procurement contract had been completed and paid for, as required by case law.

**OFFICE OF INFORMATION RESOURCES MANAGEMENT (OIRM).** Information Systems & Networks Corporation involved a contract for design and installation of a local area network linking the Department's four-building headquarters complex. Appellant filed a claim for \$63,000 because of lack of anticipated cable access across 14th Street between the South Building and the Main Auditors Building. The appeal was settled between the parties after the Board denied the Government's Motion for Summary Judgment and set the appeal for hearing.

**FARMERS HOME ADMINISTRATION (FMHA).** Rhondalyn Teel involved a contract for property management services for Lassen and Medoc Counties in California. The Board denied Appellant's Prompt Payment Act claim for interest on late payments, i.e., more than 30 days. The Board concluded that under the Act, the 30-day period did not begin to run until FmHA accepted Teel's services, rather than on the date Teel submitted the invoices. The Board also concluded that the payment date was the date the Government check was issued, not the date the check was received by Teel.

Patty Armfield involved a series of contracts for correcting deficiencies on FmHA-owned property. The Government terminated the contracts for failure to complete the work, reprocurd the unfinished work, and assessed Armfield the excess reprocurement costs. The Board sustained Armfield's appeal on the basis that the Government did not give adequate credit for work completed by Armfield and because the Government specification for the reprocurement work was revised.

Peter J. Brandon involved a contract for FmHA loan processing support. Appellant's claim for damages on the basis that the Government did not order enough work from Appellant was denied because the Government had ordered the "minimum quantity" (guaranteed quantity) of services and was not contractually obligated to order more than such quantity.

**AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE (ASCS).** In PLB Grain Storage Corporation, the ASCS terminated a grain storage contract and assessed PLB \$5,123,000 for grain quantity shortages and grain quality deficiencies. PLB claimed \$15,472,000 for lost storage revenues, asserting that the quantity shortages and quality deficiencies were not as severe as alleged, and that while PLB was liable for any proven shortages and quality deficiencies, these problems did not provide a proper basis to terminate the grain storage agreement. The Board denied Appellant's Motion for Summary Judgment and granted the Government's Motion, remanding the matter to the parties to negotiate the precise amount of PLB's liability.

In Farmers Grain Company of Esmond, Appellant requested an "emergency loadout" under the grain storage agreement. An ensuing fire destroyed more than \$3,000,000 worth of stored grain. The Board sustained Appellant's \$724,000 offset claim in the amount of

\$120,000 on the basis that ASCS did not act with due diligence or in accordance with contract terms in responding the Appellant's emergency loadout request.

In **Thumb Area Commodity Cooperative, Inc.**, although the ASCS had removed Appellant from its list of approved warehouses because of Appellant's inadequate net worth, ASCS requested a new grain storage payment schedule and continued to store grain beyond the expiration date of the agreement. The Board concluded that removal of Appellant from the approved warehouse list did not necessarily compel termination of the storage agreement, sustaining Appellant's \$26,000 claim for storage charges for the holdover period.

**FOREST SERVICE.** LDG Timber Enterprises Incorporated involved a contract for the sale of timber in the Sierra National Forest in California. The parties had amended the contract, erroneously including stumpage rates for timber far below the intended rates. The **Forest Service** did not discover the error until two years later, when it claimed \$184,000 in underpayments. The Board denied Appellant's appeal and permitted recoupment, holding that the Government was not estopped from recovery and that Appellant's lack of knowledge of the error was irrelevant to the **Forest Service's** recovery.

**Schmidbauer Power Company** involved the sale of timber from the Six Rivers National Forest in northern California. Appellant asserted that it was required to use a more expensive haul route because of bridge construction on the shorter route used to appraise the timber. The Board denied Appellant's \$19,000 claim for increased haul costs, because the **Forest Service** had given notice of the bridge construction before the bidding, giving bidders the option either to withdraw their bids or extend the term of the contract to account for the more lengthy haul route. Payment of increased haul costs was not an option.

**H & H Logging, Inc.**, involved timber sales on various national forests in Oregon. The **Forest Service** took over the slash treatment work on one sale, waived slash treatment on two other sales, and charged Appellant's account for the reduction in slash work. The Board sustained Appellant's \$27,000 claim in the amount of \$14,000, holding that the **Forest Service** had not adequately proven these charges to Appellant's account.

**Analytical Surveys, Inc.**, involved a contract for photogrammetric mapping of national forest land. The Board upheld the Government's termination of the contract and rejected Appellant's \$26,000 claim on the basis that Appellant delivered mapping and data which was not compatible with U.S. Geological Survey data, contrary to the contract.

**Eagle Contracting, Inc.**, involved a contract for reconstruction of nine miles of road in the Chippewa National Forest in Minnesota.

The Board sustained \$35,000 of Appellant's \$169,000 claim, which was based upon alleged changes, differing site conditions, erroneous inspections, and defective specifications.

**Interstate Reforesters** involved a contract for tree planting on the Clearwater National Forest in Idaho. Appellant's claim for rejection of planted seedlings because of improper planting depth was denied as unsubstantiated. Appellant's claim for having to plant extra seedlings was also denied because the number of extra seedlings planted was within the contract tolerance.

**Air Transport, Inc.**, involved a contract for the rental of aircraft for forest fire control purposes. Appellant's claim for Federal excise taxes was denied because the contract provided that Federal excise taxes should have been included in Appellant's prices.

**SOIL CONSERVATION SERVICE (SCS)**. **Caribbean Contractors** involved a contract for construction of a flood retarding structure in San Juan, Puerto Rico. Appellant claimed \$372,000 in increased costs resulting from repairing structural damage caused by unusually severe weather. Appellant also alleged various changes and defective specifications. The Board denied Appellant's claims, holding that unusually severe weather entitled Appellant to increased time but not increased compensation, and that SCS had already adequately compensated Appellant for the changes and defective specifications.

**Ramsdell Construction Co.**, involved a contract for construction of a grade stabilization structure in South Dakota. Appellant claimed \$568,000 in increased costs resulting from, among other things, an alleged differing site condition (much more water at the site than could have been reasonably anticipated). The Board denied Appellant's claim concluding that Appellant was aware of the site conditions before bidding and that increased costs, if any, resulted from Appellant's construction methods.

**Rocky Mountain Constructors, Inc.**, involved a contract for construction of a dam and concrete drop structure in Sedgwick County, Colorado. The Board denied Appellant's \$627,000 in claims, holding that weather data and information in the contract were sufficient to place Appellant on notice of the water conditions encountered at the site, and that a contract modification signed by Appellant constituted an accord and satisfaction of Appellant's claims.

**Callison Construction Company** involved a contract for reclamation of land affected by rural abandoned mines in Barbour County, West Virginia. The Board sustained \$3,800 of Appellant's \$124,000 claim, denying the balance because of Appellant's inadequate proof (i.e., claiming rental rates for equipment owned by Appellant).

Examples of Legal Issues Considered in FY 1992

Rhondalyn Teel arose under a Farmers Home Administration (FmHA) contract for property management services in two California counties. The Board was asked to consider whether interest on allegedly late payments by the FmHA was limited to that specified in the Prompt Payment Act or whether, as Appellant argued, interest should be calculated in accordance with a handwritten provision, inserted in a purchase order by the contractor, indicating that for payment in 31 days or more the Government should add ten percent to the contract price. Appellant's conclusion that payments were late was based on the dates she had issued invoices and received payment. Although not addressed by the parties, the Board found that the payments were in fact timely under the Prompt Payment Act, since less than 31 days had elapsed between the time FmHA received the invoices and the dates it issued a check or electronically transferred funds to the account of the contractor.

Under 41 U.S.C. 605(c)(1), contractors are required to certify all claims in excess of \$50,000. Decisions of the U.S. Court of Appeals for the Federal Circuit hold that a failure to properly certify presents a jurisdictional impediment to boards (or Claims Court) deciding the merits of an appeal. Certification problems have plagued many appeals. One proposal to help simplify certification was recently enacted and others may be introduced. Examples of certification issues decided by the Board during FY 1992 follow. **California Bean Growers Association** arose under an **Agricultural Marketing Service (AMS)** contract wherein AMS assessed Appellant \$96,000 in late charges and deducted this assessment from payments due Appellant. Appellant filed a claim for refund but did not certify the claim. The Government's Motion to Dismiss was denied on the basis that the underlying claim was a Government claim, which did not require certification, and that Appellant's demand for the money did not convert the claim to a contractor claim. In **Philips Brothers Electrical Contractors, Inc.**, the Board granted the Government's motion to dismiss the appeal because Appellant had not used the statutory wording prescription for its certification. In **Labco Construction, Inc.**, the Government alleged in its motion to dismiss that Appellant's certification was defective because the amount claimed was allegedly contradicted by Appellant's own records. In denying the Government's motion, the Board held that granting the motion would have placed Appellant in the untenable position of having to prove its claim prior to certification.

In **Paul F. Senteney**, the Board considered the effect of a provision in a **Forest Service** lease which gave the agency a unilateral right to terminate upon 60 days' written notice, despite a stated five-year term. The Board found that the termination provision was clear and unambiguous; that the 60 days' notice provision did not render the contract illusory; and that there was no legal basis on which to pay Appellant for the unexpired term of the lease. This

holding was despite the fact that Appellant had purchased the leased property, 53 acres near Delta, Colorado, at the urging of regional officials who needed fenced pasture for **Forest Service** horses. In **Darrel Stebbins**, another appeal of a lease cancellation involving the **Soil Conservation Service (SCS)**, the Board similarly found that the lease was properly terminated.

**Baldwin/Thomas Designers and Planners** involved a contract for design of the **Forest Service National Visitor Center** in the Auditors Building, Washington, D.C. Appellant sought to have the Government's Answer placed under seal, alleging that it was "grossly inaccurate" and included a counterclaim in which there were "outrageous misrepresentations of Appellant's performance," which if made public would result in permanent injury to its business reputation. The Board denied the motion, finding that granting it might require future additions to the record to be sealed and adversely affect the Board's ability to issue a decision setting forth the facts and arguments of the parties. In addition, the Board stated that the Answer generally did not differ from others in which questions were raised as to the quality of the contractor's performance and whether the Government was responsible for delays, so as to make them compensable. (The parties subsequently settled this appeal, and no final decision was issued.)

**Donald R. Stewart & Associates** involved 11 different claims, totaling more than \$400,000, arising under an **SCS** contract for construction of an earthen dam in the state of Missouri. Appellant quantified a claim for idle equipment by using a compilation of rental rates set out in a guide published by the Associated Equipment Distributors, while the Government attempted to use depreciation, as claimed in the contractor's federal income tax returns, for this purpose. The Board rejected both these methods, finding that depreciation of construction equipment for tax purposes did not necessarily reflect the cost of owning and operating it or placing it on standby, since costs such as maintenance, insurance, and taxes can be incurred even on fully depreciated equipment. In addition, the Board for the first time stated unequivocally that rental rates generally should not be used to calculate costs of contractor-owned equipment.

**Wilson Construction, Inc.**, arose under a contract for construction of a recreational road to Childs Glacier in the Chugach National Forest, Alaska. Under Federal Rule of Evidence 407, evidence of subsequent remedial measures is not admissible to prove negligence or culpable conduct. While this concept is generally applied to torts, the Board extended it to contracts, holding that a **Forest Service** practice, adopted after filing of **Wilson's** claim, of offering site visits before a solicitation was issued if it appeared that a visit might not be possible later, was not relevant to the appeal. This was particularly the case because although due to 15-20 feet of snow cover, Appellant had not been able to visit

the site during the bidding period, Appellant was familiar with the area, having visited it and encountered **Forest Service** surveyors while on a family picnic approximately eight months before the solicitation was issued.

**Francis Paine Logging**, a **Forest Service** timber sale appeal, was followed by an application for attorney fees and other expenses under the **Equal Access to Justice Act (EAJA)**. The **EAJA** authorizes the award of up to \$75 an hour to "prevailing parties" if the Government's position was not "substantially justified." As part of its compensation, Appellant sought payment for 61.9 hours of paralegal time at \$50 an hour, as billed by the law firm. The Board held that reimbursement should instead be based on actual costs to the law firm. In reaching this decision, the Board noted that it saw no compelling reason to depart from what it believed was the established position of other boards of contract appeals, despite some court decisions to the contrary. In **Giuliani Contracting Co., Inc.**, another **EAJA** appeal, the Board held that, for one claim, it had been required to decide close questions of fact and law in relation to an **SCS** contract, and that for another claim, Appellant had not presented sufficient supporting evidence until the hearing. Accordingly, even though Appellant prevailed, the Government's position was "substantially justified," and recovery of the attorney fees was denied.

In **B & M Construction, Inc.**, the Government's request for excess costs of reprourement after a construction contract termination was denied by the Board on the basis of inadequate proof. The Government had materially changed the reprocured work and the Board was unable to find a reasonable measure to reduce, rather than deny, the excess costs claimed.

In **Nevada Skylines, Inc.**, Appellant alleged that delay by the **Forest Service** in releasing a performance bond, after Appellant completed logging a timber sale, rendered Appellant unable to bid on another sale because the bonding company would not issue a bond for that sale until the present bond was released. Appellant's claim for \$298,000 in consequential damages was denied by the Board, which held that such damages were remote, speculative and not within the contemplation of the parties.

In **Robert F. Mueller**, Appellant requested the Board to direct the **Forest Service** to grant a contract term extension on a timber sale. The Board granted the Government's Motion to Dismiss, holding that the Board had no jurisdiction to order the **Forest Service** to extend the contract. The appropriate remedy would be for Appellant to claim damages as a result of the **Forest Service's** failure to extend. Recovery of such damages would depend upon whether the **Forest Service's** failure to extend was legally justified, a determination which was within the Board's jurisdiction.

Cases Decided on Appeal

CCI Contractors, Inc. v. United States,

AGBCA No. 84-314-1

Fed. Cir. No. 91-1517

Judgment affirmed Sept. 8, 1992

Roseburg Lumber Co. v. United States,<sup>1</sup>

AGBCA Nos. 87-344-1, 88-172-1

Fed. Cir. No. 92-1062, appealed Nov. 15, 1991

Judgment affirmed Oct. 19, 1992

Blue Mountain Forest Products, Inc., et al. v. United States,<sup>1</sup>

AGBCA No. 86-248-1, et al.

Fed. Cir. No. 92-1233, appealed Mar. 13, 1992

Judgment affirmed Nov. 6, 1992

Cases Pending on Appeal

Round Place, Inc. v. United States,

Cl. Ct. No. 90-227C

Pacific Northern Timber Co., Inc. v. United States,

Cl. Ct. No. 1340C

Transferred to Cl. Ct. by Fed. Cir. July 11, 1991

Pedro Ramos Luciano dba Caribbean Contractors v.  
United States,

AGBCA Nos. 85-500-1, 85-524-1,

86-179-1, 91-233-1

Fed. Cir. No. 92-1297, appealed Apr. 24, 1992

Alaska Lumber & Pulp Company, Inc. v. United States,

AGBCA Nos. 83-301-1, 84-335-1, 91-175R, 91-176R

Fed. Cir. No. 9-1100, appealed Dec. 12, 1991

United States v. Hobin Lumber Company<sup>2</sup>

AGBCA No. 87-170-1

Fed. Cir. No. 92-1056, appealed Nov. 7, 1991

LDG Timber Enterprises Inc. v. United States,

AGBCA No. 89-126-1

Fed. Cir. No. 92-1522, appealed Sept. 9, 1992

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<sup>1</sup> These cases were reported even though they were decided after the end of FY 1992.

<sup>2</sup> This appeal was taken by the Department. All other cases were appealed by the contractor.



# **Board of Contract Appeals**

## **United States Department of Agriculture**

### ATTACHMENT 4

#### NOTICE REGARDING ALTERNATIVE METHODS OF DISPUTE RESOLUTION

This Notice implements the Contract Disputes Act of 1978, 41 U.S.C. 601-613, which states that boards of contract appeals "shall provide to the fullest extent practicable, informal, expeditious, and inexpensive resolution of disputes," and the Administrative Disputes Resolution Act, 5 U.S.C. 581-591, which specifically authorizes and encourages Federal agencies to use alternative means of dispute resolution, including mediation, conciliation, and arbitration in lieu of adjudication.

Under the procedures outlined below, with the exception of summary trials, the administrative dispute resolution (ADR) process is not binding. If the parties are unable to resolve their dispute, the appeal will be returned to the Board's active docket and considered in accordance with Board Rules. This differs from, and supersedes, the Board's Experimental Alternative Appeals Resolution Procedure, under which binding decisions were rendered by a single administrative judge and could be appealed or set aside only in case of fraud. The Board, moreover, will not view participation in ADR proceedings as a sign of weakness of a party's position.

The methods described are intended to suggest ones which have worked in the past; they are designed to supplement, but not to replace, existing extrajudicial approaches to dispute resolution. This Notice, therefore, does not preclude the use of negotiation, fact-finding conferences, mediation, or minitrials not involving the Board. Any method which results in settlement, or partial settlement, of a contract dispute is a good method.

A request to use ADR must be made jointly by the parties; the Board will not consider unilateral requests or motions. If the request involves Board participation, the presiding administrative judge will forward it to the Chairperson for consideration. The presiding judge may also schedule a conference to explore the desirability and selection of an ADR method. If approved, a settlement judge or other neutral advisor, for example, a member of another agency board of contract appeals, will be appointed.

The parties may select any ADR method for any claim of more than \$10,000. (For claims of \$10,000 or less, an Appellant may elect consideration under the Expedited Procedure, Board Rule 12.2, without agreement by the Government.) Guidelines, schedules, and requirements implementing the ADR method selected will be by agreement of the parties and the settlement judge or neutral advisor. ADR can be used successfully at any stage of an appeal, although election should be as early as possible. Proceedings generally will be conducted within 120 days of approval.

As indicated above, if non-binding ADR fails to resolve the dispute, the appeal will be restored to the Board's active docket. To facilitate full, frank, and open discussion, the settlement judge or neutral advisor will be excluded from further consideration of the appeal unless the parties request, and the Chairperson approves, that individual's continued participation. In addition, the judge or advisor will not discuss the merits of the appeal or substantive matters involved in the ADR proceedings with other Board personnel.

Written material prepared specifically for use in an ADR proceeding, oral presentations made at an ADR proceeding, and all discussions between the parties and the judge or advisor in such proceedings will not only be confidential, but also inadmissible in any further Board proceeding involving the same parties and the same subject matter. Otherwise admissible evidence is not rendered inadmissible, however, because of its use in an ADR proceeding.

The following ADR methods are consensual and voluntary. In each case, procedures will be flexible and designed to meet the needs of a particular appeal. Both parties and the Board must agree to their use.

Settlement Judge: A settlement judge is an administrative judge who will not hear or have any formal or informal decision-making authority; he or she is appointed solely for purposes of facilitating settlement. In many circumstances, settlement can be fostered by a frank, in-depth discussion of the strengths and weaknesses of each party's factual and legal position with a settlement judge. The recommendations of settlement judges are not binding.

Minitrial: The minitrial is an expedited but structured procedure in which each party presents an abbreviated version of its position to principals who have full authority to conclude a settlement and to a Board-appointed neutral advisor. The parties and advisor agree in advance as to the method of presentation, without regard to customary procedure or rules of evidence. Presentations are followed by settlement negotiations in which the neutral advisor may assist. The recommendations of neutral advisors are not binding.

Summary Trial with Binding Decision: In a summary trial, the parties present their cases informally to an administrative judge or panel of judges. Pretrial, trial, and post-trial procedures and rules generally will be modified or eliminated to expedite resolution. Either a summary "bench" decision or a summary written decision may be issued, the latter within ten days after conclusion of the trial or receipt of a transcript, whichever is later. The parties must agree that all decisions, rulings, and orders of the Board shall be final. In addition, decisions under this ADR method have no precedential value, are not appealable, and may not be set aside except for fraud.

Other Agreed Methods: The parties and the Board may agree on any other informal ADR method or combination thereof.

These ADR procedures are intended to shorten and simplify the Board's more formalized procedures. Parties who in good faith attempt to resolve their differences by agreement will gain both time and money, as well as maintain or restore amicable relations. Adoption of this Notice reflects the Board's commitment to resolution of contract disputes at the earliest stage feasible, by the fastest and least expensive method possible.

This Notice is effective upon issuance.

Issued at Washington, D.C., August 20, 1992.

Agenda for Agency Briefings

Wednesday, May 19, 1993

2:00 P.M. to 4:00 P.M.

**Deputy Secretary of Agriculture**

Richard Rominger

**Assistant Secretary for Natural Resources and Environment**

(James Lyons) - - TERRY DIATLO  
CONF. ASST.

**Forest Service**

Dale Robertson, Chief

**Assistant Secretary for Marketing and Inspection Services**

Eugene Branstool

**Agricultural Marketing Service**

Linda Massaro, Acting Administrator

**Assistant Secretary for Congressional Relations**

Frank Vacca - Designate

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# GUIDING PRINCIPLES

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To realize our mission and vision, we follow 13 guiding principles:

We use an ecological approach to the multiple-use management of the National Forests and Grasslands.

We use the best scientific knowledge in making decisions and select the most appropriate technologies in the management of resources.

We are good neighbors who respect private property rights.

We strive for quality and excellence in everything we do and are sensitive to the effects of our decisions on people and resources.

We strive to meet the needs of our customers in fair, friendly, and open ways.

We form partnerships to achieve shared goals.

We promote grass-roots participation in our decisions and activities.

We value and trust one another and share leadership.

We value a multicultural organization as essential to our success.

We maintain high professional and ethical standards.

We are responsible and accountable for what we do.

We recognize and accept that some conflict is natural and we strive to deal with it professionally.

We follow laws, regulations, executive direction, and congressional intent.



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# MISSION

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*Caring for the Land and Serving People*

United States Department of Agriculture  
Forest Service

The phrase, "CARING FOR THE LAND AND SERVING PEOPLE," captures the Forest Service mission. As set forth in law, the mission is to achieve quality land management under the sustainable multiple-use management concept to meet the diverse needs of people. It includes:

Advocating a conservation ethic in promoting the health, productivity, diversity, and beauty of forests and associated lands.

Listening to people and responding to their diverse needs in making decisions.

Protecting and managing the National Forests and Grasslands so they best demonstrate the sustainable multiple-use management concept.

Providing technical and financial assistance to State and private forest landowners, encouraging them to practice good stewardship and quality land management in meeting their specific objectives.

Providing technical and financial assistance to cities and communities to improve their natural environment by planting trees and caring for their forests.

Providing international technical assistance and scientific exchanges to sustain and enhance global resources and to encourage quality land management.

Helping States and communities to wisely use the forests to promote rural economic development and a quality rural environment.

Developing and providing scientific and technical knowledge aimed at improving our capability to protect, manage, and use forests and rangelands.

Providing work, training, and education to the unemployed, underemployed, elderly, youth, and disadvantaged in pursuit of our mission.

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# VISION

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We are recognized nationally and internationally as a leader in caring for the land and serving people.

We are a multicultural and diverse organization. Employees work in a caring and nurturing environment where leadership is shared. All employees are respected, accepted, and appreciated for their unique and important contribution to the mission. The work is interesting, challenging, rewarding, and fun—more than just a job!

We are an efficient and productive organization that excels in achieving its mission. Responsibility and accountability for excellence are shared by employees and partners. The American people can count on the Forest Service to perform.

**PHOTOCOPY  
PRESERVATION**