NORTH IOWA AREA COMMUNITY COLLEGE
500 College Drive, Mason City, Iowa 50401
(515) 423-1264

Jeremy
Barbara
Demonstration

FAX TRANSMISSION

To: Ms. Barbara Wooley, White House Presidential Aide
FAX #: (202) 456-6218

From: Dana Dinnes
NIACC Agronomic Development Center
Mason City, Iowa
FAX #: (515) 423-1711
Work Phone #: (515) 421-4238
515-892-4287

(1) 5 min pres
(2) short (1-para) bio
(3) short (1-para) summary of project

Date: 2/3/96

Re: Proposed Presentation to President Clinton

Mark Lage

Number of Pages: 17

Dear Barbara:

As per your request, the following materials outline the presentation that I propose to present to President Clinton, which I discussed with Mr. Doug Thompson.

I have asked a local farmer and computer business owner/operator, Mr. Mark Lage, to assist me with the presentation. Mark conducted Precision Farming presentations for our 1995 conferences and tours, and worked with me in generating yield data maps of each college field this past fall.

Also included is some background information on Precision Farming (also referred to as Site-Specific Farming) and Sustainable Agriculture technologies. Two of the articles that I wrote refer to the Precision Farming demonstration project we conducted here at the NIACC college farm. The third document is a chapter that I co-authored with Dr. R.M. Cruse in the book *Exploring the Role of Diversity in Sustainable Agriculture*, which has just been published by the American Society of Agronomy. The chapter deals with both Precision Farming and Sustainable Agriculture technologies for farm field management.

This is probably more information than you intended to receive. However, if you do have the time and interest to examine these topics in-depth, this will give you the opportunity to do so. I obviously do not intend to cover all of this background information. I and Mark plan to limit the presentation to the basics of these technologies and their implications if integrated together. We will go through the presentation prior to President Clinton's visit to be sure we can remain within the 15-20 minute time frame as indicated by Mr. Thompson. Therefore, some of the topics listed in the outline may be deleted and/or pertinent additions made.

If you have any questions or concerns feel free to call me anytime either at home [(515) 421-1785] or work (see listed number above). Again, thank you for this opportunity and I look forward to meeting you and President Clinton.

Sincerely,

Dana L. Dinnes

Dana Dinnes

Precision Farming Technology and its Potential Impact on Sustainable Agriculture

Materials to be used:

Laptop Computer
LCD Projector (integrated with the computer)
~6 ft X 6 ft Projection Screen
35 mm Slide Projector
Slide Projector Screen

I. Defining Precision Farming Technology and Management

A. General equipment and how they work.

B. Crop yield monitoring and mapping + computer demonstration.

C. Yield map data extraction for ag research and demonstration.

C. Analyzing the yield map information.

D. Precision soil sampling for nutrient status + computer demonstration.

E. Future Applications.
   1. Field economic (net income) maps.
   2. Remote bio-sensing of crops with satellite imaging.

II. Defining Sustainable Agriculture Technology and Management

* I will likely cut from this section before any others if we run into time constraints.

A. Economic, environmental and rural society goals of sustainable agriculture.
   1. Low input/High yield.
   2. What is a sustainable practice in one region may not be in another.

B. How sustainable cropping systems typically work.
   1. Interactions between different plant species and the environment.
      a. Crop rotation effects
         i. nutrients
         ii. pest and disease cycles
      b. Micro-climate modification (or buffering)
      c. Differences in crop species needs, physiologies and life cycles.

III. Similarities Between Precision Farming and Sustainable Agriculture Technologies.

A. Both are cutting edge technologies that will likely shape the future of American agriculture.

B. Increasing production and economic efficiencies through improved management.

C. Both technologies are most applicable to small and moderate sized farm operations (typically the family farms).
   1. Why?
      a. Intensive instead of extensive growth.

D. Reduce negative environmental impacts of production agriculture.

IV. Differences Between Precision Farming and Sustainable Agriculture Technologies.

A. Sustainable agriculture practices are low input -- Precision Farming equipment is currently rather expensive.

B. Small farm operations can more readily adopt sustainable ag practices than Precision Farming practices.

V. Potential Impacts on American Agriculture if These Technologies are Integrated.

A. Precision Farming may help validate the effectiveness of sustainable ag practices and enhance farmer adoption of both technologies.

1. Why?
   a. Farmers tend to be reluctant to accept small plot research results, but are intrigued by yield maps.
   b. Help to discover the reasons why sustainable ag practices work since interactions are difficult and expensive to prove in field research.

B. Rural environmental quality may vastly improve with farmer adoption of both of these technologies since each are based upon improved farm management strategies.

C. Family farms may gain an economic advantage since both technologies enable increased production without the purchase of more land (which eliminates other farmers).

NOTE:

Obviously, I've been formulating this presentation from the general topics as I was writing this outline. It is readily apparent that I will have to trim this down to stay within 15-20 minutes, which I will do.

Dana Dinnes

Farm Technology for the Future: Site-Specific Farming

What is Site-Specific Farming?

Site-specific farming involves the incorporation of Global Positioning Systems (GPS) and Global Information Systems (GIS) with current farm operations and equipment. When all required equipment and supportive computer software are set-up, a crop producer can generate information maps of his/her fields. Currently, field data can be gathered for crop yield, soil moisture, soil nutrient content, and pest and disease pressure. As the technology advances, other factors of crop production will be able to be monitored, and the efficiencies of the systems will improve. The resolution of the field data, or level of detail by area within a field, can be to the scale of 1 m^2.

The function of this technology is to give farmers, agribusiness people and agriculture scientists the ability to discover and understand the spatial and temporal variability of their fields as it relates to the factors of crop production. This information may significantly advance integrated crop and pest management strategies, increase crop production efficiencies and overall yield, and serve to help protect the environment.

Precision Farming Technologies Demonstration

Project Cooperators: Dr. Tom Colvin, USDA-ARS; and BASF personnel

Introduction

Global Positioning Systems (GPS), Global Information Systems (GIS) and yield monitor technologies have resulted in new crop management strategies called Precision Farming, or also referred to as Site-Specific Farming. The various equipment that perform the many functions of Precision Farming may enable a farmer to manage his or her fields in units as small a one or two meters square. Farmers can then use these new technologies as tools to vastly improve their production efficiencies, and manage their fields in more environmentally friendly manners.

How can these technologies make such sweeping changes in agriculture? With the ability to manage cropland in much smaller units than entire fields, or even multi-acre portions, a farmer can in time identify the proper amounts of inputs for each small unit in a field. For example, if a sandy knob exists that has poor production potential, a farmer can reduce the amount of fertilizer and herbicides to that area, better matching the level of inputs to the soil's production potential. This would also improve the environmental quality of that area. On the other end of the scale, a farmer may be able to identify field areas that have high production potentials and require higher rates of a particular nutrient. The proper fertilizer rates can then be applied to those areas, which will help to maximize economic yield. Similar scenarios exist for herbicide applications. Differing chemicals and rates may be matched to the varying weed pressures throughout a field.

Advances in these technologies are occurring at a rapid pace. Remote bio-monitoring equipment are now emerging, which will greatly aid in crops and livestock management. Satellites may gather images of fields and detect areas where a crop is experiencing stress, whether that be from a lack of moisture, damage from insects, or competition from weeds. A farmer would then know to scout the area and identify the source of the crop's stress, then tailor a management strategy to the problem.

Since these technologies are still in their infancy, many producers may encounter some difficulties when initially adopting the systems. The objective of this demonstration was to test and exhibit some of the equipment and software of Precision Farming so crop producers and agribusiness people may examine the systems and determine how they may fit into their operations.

— pres. and vice pres. — ~~Nyak~~ NIACC

Jasacaroa 757-5000 Mason City signal

[redacted] Dons, ~~Rick~~, Barbara [redacted] staff advance

— gracious and polite —

[redacted] White House people

Demonstrate precision farming technology.

Demonstrating application. Global Positioning Systems-guided technology for farming. Mark will talk about on-farm applications. Potential for making ag more environmentalist. — ~~Computer simulations Mark first~~

= ~~farm level~~ = 2 min computer ~~sim~~

= expand to 2 min presentation

(Pres mentioned need to connect the env. in both rural and urban areas). —

— Mr. Mark Lage, B.S

B.S. Farm Operations

Iowa State University

Local farmer from Sheffield, IA

Computer business owner-operator

former continuing ed ag student; now instructor

— Dana Dinnes (pron. Dennis)

B.S. Biology, Iowa State

M.S. soil Science ''

~~print-out~~ a map for him. —

fields at college farm —

- Yield differences
- chem. application
- pH. — /soil fertility.

- Agronomic Demonstration Center Coordinator.

~~Apt~~ 2000

Audience will ~~include~~ be a about 2000 people. Students, faculty members, representatives from ~~support~~ friendly national agriculture groups, ~~and~~ Clinton-Gore supporters from the ~~Coun~~ Mason City and surrounding counties.

The speech is open press.

LAND O LAKES

Farmers Cooperative Company

"GRAIN AND FEED DEPARTMENT"

Farmers Co-op Co.
914 North 14th St.
Clear Lake, Iowa 50428

Incorporated March 1921
In Business 75 years
Consists of Elevator and Lumberyard
Elevator has 7 employees
6 Farmers consists of the Board of Directors

Approx. 500 members, 2 classes of membership: A members which are producers and voting members and B members which are non-producing members.
A Members are required to put $50.00 down toward a $500.00 membership
B Members are required to put $10.00 down toward a $100.00 membership. They work off the rest of the membership according the profits of the company. We usually pay 20% back to our members, the balance goes to deferred patronage. When the member turns 65 years of age, he then signs up for our Retirement program, and the following year is then paid all off, except the membership, and all the taxes have been paid thru out the years, so it is a nice retirement sum, it does depend upon the amount of business the farmers does thru the years.

Elevator buys and sells corn and soybeans, along with feeding cattle and hogs in our feed department.

Elevator sells the corn and beans for feed, domestic, export use along with corn sweetners and ethanol. All prices vary according to the Chicago Board of Trade, and this determines the price for buying or selling the commodities.

Corn comes across the scale where it is weighed gross amount, the name of the farmer is put on the scale ticket, the corn in probed or sampled to determine the test weight and moisture. This information is needed for our grain man, so he knows which bin the corn is to be put in, so when we load it out we know the limits. Corn to sell is to be 15% moisture and 54lbs. or above for the test weight. The farmers then drives to the grain elevator to dump his product. Comes back across the scale to be re-weighed for his tare weight. The difference is then divided by 56 to determine the amount of bushels he brought in to the Elevator.
The corn that is used for domestic use is ground up to be put with other feed ingredients according to the ration for either hogs or cattle

LAND O LAKES

Farmers Cooperative Company

"GRAIN AND FEED DEPARTMENT"

1995 Sales $8.5 million
1995 Bushels that the Elevator sold- 1.9 million bushels of corn and beans.
We are really just a small cog in a great big wheel in the agriculture business.

Employees:
Glenn Brady, Manager, 36 years of service
Ray Grell, Assistant Manager, 22 years of service
Gary Brown, Mill Manager, 22 years of service
Dennis Pitkin, grain manager, 14 years of service
Beverly Grell, bookkeeper, 13 years of service
Terry Koehn, bulk truck driver, 6 months
Larry Tibbits, 4 years of service

Main Business is the corn and beans.
Feed is also major for our livestock producers.
Other merchandise: pet food, salt for water softners, gloves, boots, livestock feeders plus a lot of misc.

914 North 14th Street ● P.O. Box 186 ● Clear Lake, Iowa 50428 ● (515)357-5274

2:00 Trip Planning

Manes 515-357-5274

Brady /

Call * Glen Braes, Manager 5 min shop talk

~ weigh grain, test for moisture

+ farmers delivering grain. —

2 outside shots

① extension of silo (40 ft. high)

call * Doug Thompson - 515-762-3500 "Friendly farmer"

Speech — ↳

Farm. Credit System Reg Relief Act —

— Has to be signed by 2/12

— will refer to signing in speech.

expanding coop —

* Gabrielle — Speech Writing — wants coop info

2300

Speech. 1200 seats —

(community ~1000-1100 non-mems.

College — 400 to college

Arrives — goes into hold — brings him on to stage through back of page —

* Allison wants Q+A's

* Check w/ Dana Dionnis on Technology Program

~~where~~
Conversation w/ Glen Brady 2/6 5 pm

- Farm bill '96 — specifically

- ethanol - raise grain — corn

no
- Pesticides issue — great —
Well water concerned — contracting/leg
it out.

- hog issues — don't want

1/2 exported

1/2 domestic processors — ethanol, feed
corn sweetners — New Orleans
Far East (Japan, Taiwan, Russia)

Corn and
Soybean — processing —
meal and oil exporter
→

sold through
grain company.

railroads — been
~~[illegible]~~ a concerned — but not a
problem in ~~[illegible]~~ particular
in their area.

Sometimes ~~not~~ ~~piled~~ get glutted in gulf.

Weather has affected railroads.
→ ↓ crews —

— rail plays a big part in export business — trucks drop off grain

4-5 farmers drop off grain — ~~weighed~~ weigh them
- ~~drive up to elevator — g~~
- dump grain — going
- loading rail cars to go for export or processing or processing for export or corn sweetners

Farm bill — no set aside this years
— uncertainty

Know not they're not going to have
- set aside
- deficiency payment — this year
will affect what they need to borrow

2/8 5 pm

~~Doug Thompson~~

State of IOWA – North Central Iowa

– rail rates are higher

– shortage of rail cars, rail power

– farmers / elevators – –
Avg farmer – has lost
~ $6000 –
Part of it is high barge rates
↑ demand for trains
→ car shortage

– wide ~~basis~~ –

– basis is difference in price btw
local price and Chicago board
of Trade – not favorable –
affected by transportation.

Local protestors – hog confinement
– local issue environment and odor
hog farms...

Speech – mini state of The union
- emphasis on values
- good speech in Ames Iowa
last April –

- ~~Moving~~ in The right direction

— exports ↑

- ethanol

- flexibility
- farmers produce for
markets / not gov't

- rural dvlpt.
- in farm bill

- corn / soy prices at
all time high

- farmer Mac

- fund for rural America...

+ medicaid ; rural health care?

values – v-chip violence / kids

IOWA – 3rd in nation in relationship-

to

– education (public!)

Budget impasse resolution –

E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E N T

06-Feb-1996 08:28am

TO: Jeremy D. Benami

FROM: Allison Wilkie
Office of Media Affairs

SUBJECT: Iowa interviews

The President is scheduled to interview with the top political Iowa reporters this Thursday. Can you or someone in your office prepare q's and a's on the Ag bill since he may get asked about this? I would need these materials by 4pm tomorrow so I can include it in his briefing memo.

Please call me at 6-5663 with any questions.

Thanks.

Allison

E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E N T

06-Feb-1996 08:38pm

TO: Gabrielle M. Bushman

FROM: Jeremy D. Benami
Domestic Policy Council

CC: Gaynor R. McCown
CC: Elizabeth E. Drye

SUBJECT: RE: recap

Hi!

On the info you need: Gaynor will work with DOE to get info on the three schools and on work study. She will be in touch with you directly.

Elizabeth Drye will be getting the ag info you need - more than you ever wanted!! We are hoping to have a two page outline of what the key points are the Pres should make in the speech re Ag stuff. She will also get you info on the Co-op and the Farm Credit Act which will have been signed the day before. She can be reached at 6-5573.

I am in meetings almost all day, but I have asked them to get the stuff to you ASAP.

Ag work - Pres. in IOWA for IOWA primary -
- rally
- Educ. round table
- Farm -

Ag Dept.

- Sheryl Mills 6-7903 General Counsel
here - Campaign event
what - Mason City Iowa
- can we ask them what they think - Facility involved
can they put together in ethanol production
- facts / Clinton record
on Ag.
-
- Sheryl Mills - has briefed the staff -
DPC can - talk about campaign
cannot - use computer / fax
Pol. agency can - talk after hours
must - use campaign calling card 1-800-225-5288 Att
874-108-118-769-24
Staff Mtg.
Can use phone, xerox

Ag - Scheduling Desk
Event

Nicole Elkon 6-6481
(will look to us to handle)

Public Liason
Barbara Wooley 6-2155
- specific sites
grain coop?

DPC is
Staff
Contact -

USDA
- Tim Galvin 720-3935

- Martha Phipps 720-3631
(Dept. C.O.S.) (was David Wilhelm's C.O.S.

- get site
- prepare for speechwriters -
two page summary/highlights
of Clinton's record.

Is this a community that values this program.

AG. Trip

Contacts

msg. 4:45 Sheryll Mills 6-7903 General Counsel WH
Asst. Melissa

~~CAN USDA~~
— ask for opinion on sites? sensitive issues? — can't talk to campaign about views on sites
— don't ask about audience — is it a program that has worked well

— put together facts on POTUS's record? (2-poses)
— { here ~~on~~ during day ok for ~~...~~ political?
{ copies of charts?

Nicole Elkon 180 66481 Scheduling Desk
msg. 5:00 Barbara Wooley 118 6-2155 Public Liason
118 OEOB 180

Barbara —
If they move to pm —

Mason City
portland
clearwater
rural

— Commodities, ethanol —
General Ag Speech
Tim Gavin — grain — soy or corn

— Farmhouse — Family farm —
picture, dinner talking pts
Grain

— Still taking

per Brian Burke 2/5/96

- Am. Corn growers mtg. was bad idea -
  - wrong msg.
  - about other requests

Last Week -

Carol went to CA Cal Poly re Admin Farm Bill -
Brian wrote speech
for Leon P. -

Charlie Rawls - V. good -

Larry - ~~good~~ high caliber - knows CAA - Nat Resources. -
EPA would support on issues they share. -
- Mary Nichols, Perciasepe. -

NORTH IOWA COOPERATIVE ELEVATOR
Portland, Iowa
(The N.I.C.E. Place to do Business!)

Jeremy
Grain Elevator
Coop

Barbara Woolley
White House Advance Office

Dear Barbara,

I would like to give you a brief summary of who the North Iowa Cooperative is:

We are a grain and agronomy company that was formed by the local farmers to meet their purchasing needs (agronomy) and selling needs (grain marketing).

We currently have 581 farmers who have paid a stock membership fee of $50.00. The cooperative will return all profits to those members who do business with their cooperative. For the year ending July 31, 1995 we returned back to our members $113,349.76 in cash and deferred dividends.

Our membership consists of individuals who farm for a living and produce corn and soybeans as their main cash crop.

With their membership they have the opportunity to use the services that their cooperative offers. These services include grain storage and marketing, custom application of agronomy fertilizer, livestock feed and seed.

We service our members by having a grain storage facility located in Portland and Plymouth that can hold 1.3 million bushels of grain when completely full. This allows us room to accommodate the receipt of the farmers grain that is received by truck loads where he can store for later sale or receive payment immediately. The Cooperative will then sell the grain commodities by rail in units of 25 rail cars to the major Grain Companies (Agri Grain, Harvest States, Ag Processing) who then resell the grain to the grain processors, feeders and export market.

We currently have $10 million of our $13 million in total sales related to grain commodities. During our last fiscal year we sold 3 1/2 million bushels which equals 40 trains (1 train equals 87,500 bushels).

The management team of the Cooperative consists of nine board of directors who are voted in by the membership to supervise the direction of their cooperative. The directors hire a general manager to supervise the daily operation of their company and implement the directors "Vision, Mission and Goals".

If you have any question please call.

Sincerely,
Mark A Kistenmacher
Mark A. Kistenmacher
General Manager - North Iowa Cooperative Elevator

E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E N T

06-Feb-1996 09:14am

TO: (See Below)

FROM: Phillip M. Caplan 62702
Office of the Staff Secretary

SUBJECT: Iowa Tripbook

According to my schedule, the President has a down day on Friday before he leaves for Iowa on Saturday morning. We would like to get his tripbook to him late Friday morning so that he has time to read over it before he departs. Therefore, deadlines are as follows:

Background information: DUE WEDNESDAY, FEBRUARY 7 at 4:00 PM
Political
NEC: Local economy
1 pager
Local Issues
Cabinet Hot issues

Event/briefing memos: DUE THURSDAY, FEBRUARY 8, at 4:00 PM

Please forward this message to anyone in your office who may need it.

Don't hesitate to call if you have any questions. Thanks.

Distribution:

TO: John C. Angell
TO: Jessica R. Arons
TO: David S. Beaubaire
TO: Jeremy D. Benami
TO: Gabrielle M. Bushman
TO: James Castello
TO: Julia E. Chamovitz
TO: Carolyn E. Cleveland
TO: Daniel P. Collins
TO: Catherine A. Cornelius
TO: Amanda Crumley
TO: William R. Daley
TO: Marilyn DiGiacobbe
TO: J. Fred Dohse
TO: Jennifer D. Dudley

THOMPSON FARMS
1185 - 150th Street
Kanawha, Iowa 50447-8048
Phone: 515-762-3500
Fax: 515-762-3535

VIA FAX 202.456.6218
Barbara Wolley
White House
Washington, D.C.

RE: Potential Schedule for Iowa Visit

Dear Barbara:

As we discussed earlier this day please find the following proposed schedule and stops for a potential Saturday event in the Mason City Iowa area. Said event to focus on agricultural issues.

11:30 a.m. Arrival at the Mason City Airport - leave for North Iowa Coop Elevator.
(20 minutes travel) to the North Iowa Coop Elevator in Portland, Iowa.
12:00 noon. Elevator manager is Mark Kistenmacher home phone 515.423.7066
Emphasis of the stop is to view grain entering the export or ethanol channel. Tour of the facilities 15 - 20 minutes. Gathered at the stop will be additional elevator managers from north central Iowa as well as representatives of the four major commodity groups - corn, soybeans, pork, cattle. An indoor storage facility with bulk soybeans as a background will provide a photo opportunity as a backdrop to the give and take discussion with the approximately 15 - 20 key people.
1:15 p.m. Leave North Iowa Coop Elevator travel to North Iowa Area Community College (travel time approximately 3-5 minutes).
1:20p.m. Arrive NIACC - First stop will be to view how some of the Gulf War technology is being adapted to sustainable agriculture systems. There is a 6'x6' demonstration computer screen that media will be able to see easily. This is cutting edge ag tech. Contact Person: Dana Dinnes home phone 515.421.1785
1:50 p.m. Arrive for an agricultural address at the NIACC Auditorium. Seating capacity 1200. Contact Person: Dr. David Buettner, President NIACC, home phone 515.423.0122 Other seating settings are available at 400. Both locations would provide excellent PA systems. Local party officials stand ready to assist in filling the 1200 seat Auditorium. Local party contact: Ron Masters home phone 515.423.3323

3:00 p.m. Leave NIACC
3:15 p.m. Leave Mason City
4:00 p.m. Arrive Cedar Rapids

Please let me know if I can provide additional information. I am looking forward to the possibilities.

Sincerely,

Doug

Doug Thompson

Really
for Brian B -
passed onto
you ??

THE WHITE HOUSE

WASHINGTON

FAX COVER SHEET

OFFICE OF THE ASSISTANT TO THE PRESIDENT FOR DOMESTIC POLICY
SECOND FLOOR, WEST WING
THE WHITE HOUSE
WASHINGTON, DC 20500
(202)456-2216 PHONE
(202)456-2878 FAX

TO: Jeremy

FAX #: 67028

FROM: Mason

NUMBER OF PAGES (including cover sheet): 4

COMMENTS:

If you have any problems with the fax transmission, please call ____________ at (202)456-5565.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

LRM NO: 3440

FILE NO: 323

1/30/96

LEGISLATIVE REFERRAL MEMORANDUM

Total Page(s): 4

URGENT

TO: Legislative Liaison Officer - See Distribution below:

FROM: Ron PETERSON (for)
Assistant Director for Legislative Reference

OMB CONTACT: Alison PERKINS 395-3857
Legislative Assistant's line (for simple responses): 395-6194
C=US, A=TELEMAIL, P=GOV+EOP, S=PERKINS, G=ALISON, I=C
perkins_a@a1.eop.gov

SUBJECT: Proposed Statement of Administration Policy RE: S1541, Agricultural Market Transistion Act of 1996

DEADLINE: 11am Wednesday, January 31,1996

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President.

Please advise us if this item will affect direct spending or receipts for purposes of the *"Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.*

COMMENTS: We anticipate using virtually identical SAP language for H.R. 2854, the House companion bill, which is likely to be considered in that body on February 1st. If certain amendments are adopted to H.R. 2854 during today's Agriculture Committee markup, appropriate changes may be made to this version of the SAP for use in the House.

SUBJECT: Proposed Statement of Administration Policy RE: S1541, Agricultural Market Transistion Act of 1996

AGENCIES:

6-AGRICULTURE, CONG AFFAIRS - Vince Ancell (all testimony) - 2027207095
15-Army Corps of Engineers (DOD) - Susan Bond - 2027610030
25-COMMERCE - Michael A. Levin - 2024823151
18-Council of Economic Advisers - Liaison Officer (vacant) - 3955084
19-Council on Environmental Quality - Elisabeth Blaug - 2023955750
33-Environmental Protection Agency - Chris Hoff - 2022605414
59-INTERIOR - Jane Lyder - 2022086706
61-JUSTICE - Andrew Fois - 2025142141
76-National Economic Council - Sonyia Matthews - 2024562174
114-STATE - Julia C. Norton - 2026474463
118-TREASURY - Richard S. Carro - 2026221146
128-US Trade Representative - Fred Montgomery - 2023953475

EOP:

Kasdin_S
Heath_D
~~Frisvold_G (CEA)~~
Burke_B (DPC)
~~Jensen_T (CEQ)~~
Barr_P
Leuthy_C
Grove_L
Griffin_P (WHLA)
Muniz_L
Konigsberg_C
Weinstein_D (NEC)
Deegan_P
Glauthier_T

RESPONSE TO LEGISLATIVE REFERRAL MEMORANDUM

LRM NO: 3440
FILE NO: 323

If your response to this request for views is simple (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet.
If the response is simple and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:
(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
(2) sending us a memo or letter.
Please include the LRM number shown above, and the subject shown below.

TO: Alison PERKINS 395-3857
Office of Management and Budget
Fax Number: 395-5691
Branch-Wide Line (to reach legislative assistant): 395-6194

FROM: ______________________ (Date)
______________________ (Name)
______________________ (Agency)
______________________ (Telephone)

SUBJECT: Proposed Statement of Administration Policy RE: S1541, Agricultural Market Transistion Act of 1996

The following is the response of our agency to your request for views on the above-captioned subject:

______ Concur

______ No Objection

______ No Comment

______ See proposed edits on pages ________

______ Other: ______________________

______ FAX RETURN of ____ pages, attached to this response sheet

S. 1541 - Agricultural Market Transition Act of 1996
(Lugar (R) Indiana and seven others)

Although sharing the Congress' concern that it is crucial to develop a new Farm Bill as soon as possible, the Administration does not support S. 1541 on several grounds.

The bill would damage the safety net that farm programs now provide in stabilizing farm income. Rather than allow federal income support payments to adjust to changes in market conditions, as they do now, S. 1541 would set fixed annual payments that producers would receive, regardless of market conditions. This would have two negative results. First, farmers would receive payments even if market prices are high. Second, if market prices fall, federal payments would not rise, as they do under current law. Family farmers would have to absorb the lost income, creating a "ripple effect" of lost income for rural communities.

The bill would also strike the requirement that participants have crop insurance - a major, recently enacted reform. Combined with cuts in the farm safety net, this proposal likely would raise pressure to return to budget-busting, ad hoc disaster payments. The proposal also would arbitrarily limit benefits to current participants. Similarly, the proposal would limit the Conservation Reserve Program (CRP) - the largest voluntary conservation assistance program available to farm producers - to existing contract holders. Even when current CRP participants opt out, USDA could not replace the lost conservation acres with more environmentally significant ones, as the Administration proposes. In addition, the bill would significantly reduce spending for agricultural export assistance.

The Administration will continue its efforts to achieve sound Farm Bill legislation as soon as possible that includes the following basic requirements:

- The farm "safety net" must be preserved, to ensure sufficient farm income in lean years when prices or yields are low.

- Environmental protection and conservation programs must be continued and, if possible, enhanced.

- Economic opportunities for rural America and production agriculture must be enhanced.

New Farm Bill legislation should be enacted no later than March 1, 1996. Already farmers are making commitments to secure seed, fertilizer and financing necessary for them to plant their crops in the near future.

Pay-Go
To be developed.

February 1, 1996

NOTE TO NICOLE ELKON

FROM: Jeremy Ben-Ami

CC: Kris Balderston
Dorothy Robyn
Barbara Woolley

SUBJECT: Iowa event

Attached is a draft one page outline on the possible event in Iowa next Saturday. Please call me with thoughts, changes, etc.

Also attached are some thoughts on possible locations for the President to visit.

POSSIBLE FARM EVENT IN IOWA

Outline #1 (Thursday February 1)

Purpose: The purpose of the event in the Sioux City area is to demonstrate the President's interest in and commitment to issues of critical concern to farmers. This will be the President's only rural-oriented event during the Iowa trip.

Message: The President will be talking about his administration's efforts to raise farm incomes. He will highlight in particular some of our efforts related to ethanol and the very positive record of the adminstration on exports. He can also sign a minor piece of legislation, HR 2029, the Farm Credit System Regulatory Act, which provides farmers with improved access to long term fixed rate mortgages and regulatory relief.

Outline of Events:

- The President would first visit a farm or grain elevator in the Sioux City area. A couple of locations for the advance team to check out are attached. This would be a small, short event: the President would visit the farm or facility, get a quick tour, and talk informally to the owner(s) and/or others. This would be only a photo-opp without remarks.

- The President would then proceed to another location, where he could address several hundred local residents, farmers and/or others. The speech would focus on farm issues generally, highlighting the administration's record on farm incomes. USDA has an impressive presentation with charts and other visual aids concerning the growth in exports that we could work into the event. We could, for instance, open with a presentation to the President and to the audience on the export situation by the Secretary or another appropriate official.

- The bill signing could take place at the first or second stop, if we want to do it.

Content: USDA is developing an outline of the points they would suggest highlighting in the President's speech. They have been asked to provide a fair amount of detail to help inform the speechwriters about these issues. We assume we would highlight the President's approach to the farm bill, the export situation, and ethanol among other things.

Suggestion Sioux City-Area Locations for Farm/Export Event

1) Bob Rogers Farm
   Sergeant Bluffs, Iowa
   712/943-4259

This farm stop was suggested by Farm Services Agency (FSA) State Director Tom Grau (and independently by the Woodbury County FSA Executive Director). The Rogers farm is located about 4 miles south of Sioux City, and just a couple of miles from the Sioux City Airport. It is a model farm -- very neat and up to date, with substantial grain handling facilities and a heated machine shed that would be suitable for a discussion/press site.

One cautionary note: Rogers is traditionally a Republican, but with an independent streak. He was, for example, a very strong supporter of former Congressman Berkley Bedell (D). He certainly wouldn't embarrass the President during a visit, and in fact has already indicated in a preliminary conversation that he would be receptive to hosting such an event.

2) Farmers Co-Op Elevator
   Hinton, Iowa
   Jim Carlson, General Manager
   712/947-4212

This may be an ideal spot for the event. This is a very active facility, currently taking in substantial quantities of grain from area farmers, and loading the grain in large unit trains -- one or two of which arrive at the elevator each week.

Hinton is located about 15 miles north of Sioux City. The elevator has an office area that could accommodate about two dozen people. Alternatively, as the manager suggested, after touring the facility the group could move to a restaurant one block down the street or a community hall a couple of blocks away. (Note: the manager was simply asked if he'd be receptive to an export-oriented visit from top USDA officials, and he said "yes.")

As a cooperative, this facility is of course owned and operated by farmers themselves, thus a visit here would avoid the potentially negative reaction of visiting an elevator owned by a large grain company.

Page Two

3) Archer Daniels Midland (ADM)/Growmark Elevator
Sioux City, Iowa
Pat Green, General Manager
712/252-5610

This is an active elevator centrally located in Sioux City. This facility is suggested as a fall back alternative only. Its association with ADM could generate some controversy. No one at the facility has yet been contacted regarding the possible event.

IOWA

THE WHITE HOUSE
WASHINGTON

FEB 10

AG: Greg Frazier

Ellen Haunton
515-284-4663

STEVE BROPAF:
• RURAL ISSUES.
•

BARBARA WOOLLEY

OPL

MEMORANDUM

January 29, 1996

TO: Nicole Elkon & Linda Moore

FR: Mike Tramontina

RE: POTUS Visit to Iowa 2/10/96 & 2/11/96

The trip will have three stops:

- Rural community- Three alternatives.
- Iowa City rally
- Des Moines- O/N, church, breakfast, rally

Rural Community Options

1. Mini-rural conference at the Salix, Iowa Community Bldg. and meet with various rural representatives as from various cities and occupations as described on attached list. Salix is located in Woodbury County, 20 minutes south of Sioux City on Interstate Hwy. 29 near the Missouri River. It has a population of 5,000. The City is not particularly picturesque but it is typical of many non-county seat towns in the state. It has a tall grain elevator .... There is an Indian Gambling Casino about 10 miles away. Woodbury County is in Iowa's 5th CD a solidly Republican district currently held by freshman Tom Latham. Woodbury County is the largest county in the district and swings in its votes. Salix does vote Democratic.

The meeting would be held in the Salix Community Bldg. that serves as a fire hall, where equipment for the volunteer fire dept. and a city hall where the council meets. It has a large meeting room that could accompany the press and some public. The subject matter expected to be discussed:

- The importance of reaching a settlement on the 1996 Farm Bill so farmers can make planting decisions.
- The growth of agriculture exports during the past several years and the impact on farm prices.
- Emergency Wetland Reserve Program that has been very popular with owners of Missouri River bottom land the area following the '93 floods.
- Ethanol
- The shortage of rail cars for grain shipping which has resulted in grain stored on the ground over the winter.
- Economic Development in rural areas.
- The environmental threat to rural communities caused by the transition from small, family farm-type pork production to corporate, industrial-type production.
- Announcement of one or more new initiatives such as- USDA Service Center of the Future; USDA pilot project on direct sales by farmers to foreign countries;

2. Mini-rural conference to be held in Underwood, Iowa. Underwood is in Pottawattamie County ___ miles from Council Bluffs, IA. on Interstate Hwy. 80. It has a population of _______. Politically, Underwood is in the 4th CD (which also includes Des Moines) a Democratic district now held by Republican freshman Rep. Greg Ganske. This region of the state is very Republican. The format would be the same as above except the site is within the Southwest Iowa Council area and could add focus more on their development efforts.

3. Joint Rural Hearing with Sen.'s. Harkin and Daschle and possibly Dorgan and Conrad. The Senators have already scheduled a hearing in Norwalk, IA for Friday, 2/9, which is 20 minutes from Des Moines in Warren County.

Proposed Participants in the Rural Iowa Visit

The list includes people from all over Western Iowa.

Sen. Harkin

Brent Hollings (Dem.)	Farmer and current President of the Iowa Pork Producers.
Patricia Markham (?)	Cass County, Iowa Hospital Administrator
Jim Gustafson (Dem.)	Buena Vista County Supervisor and pork producer. Regulations over siting of large confinement hog lots in Iowa is left to county boards of supervisors. Jim has been a leader in pulling together supervisors from across NW Iowa to discuss common problems and develop standards.
Dan & Karen Skelton	Farmers from Sioux Rapids, IA who testified at the White House Rural Conference in Ames, IA.
Sen. Jack Kibbie (Dem.)	State Senator and farmer. Chairs Senate Education committee and has a special interest in Community Colleges. Served for many years on the Iowa Lakes Community College Board of Trustees.
Doug Thompson	Farmer and member of the Iowa Corn Promotion Bd.
______________	Mayor of a community that needs a federal loan for a water or sewer project that is threatened by budget cuts.
______________	Farmer who enrolled land in the Wetlands Reserve Program following the '93 flood.
______________	Clergy
______________	Sheriff or small town police chief who is making use of Community Oriented Policing Grant.
______________	Representative of the Southwest Iowa Coalition, an organization formed in 14 counties in SW Iowa made up of public and private organizations to cooperate to develop the area economically.
______________	Farm supplier.

POTUS SCHEDULE FOR SATURDAY, FEBRUARY 10th
WASHINGTON - SIOUX CITY - IOWA CITY - DES MOINES

8:30 am - 9:00 am	**TAPE RADIO ADDRESS** OVAL OFFICE
9:15 am	Depart White House
9:30 am	Arrive Andrews
9:40 am EST	Depart Andrews en route Sioux City [flight time: 2 hrs 40 min.] [time change: - 1 hour]
11:20 am	Arrive Sioux City Airport CLOSED PUBLIC
11:30 am	Depart Sioux City Airport en route rural event (Salix,Iowa) [drive time: 20 minutes]
12:00 pm	Arrive Event
12:00 pm - 1:00 pm	**RURAL ROUNTABLE DISCUSSION** SALIX **POOL/OPEN???**
tbd	**PRIVATE EVENT (MEET & GREET OR LUNCH)** SALIX OR SIOUX CITY
tbd	Depart rural event (Salix, Iowa) en route Sioux City Airport [drive time: 20 minutes]

Domestic Violence
Hotline
w/ Bonnie
Campbell.

note: POTUS should do an OTR in Salix.
A crowd event could be organized in Salix or Sioux City.

tbd	Arrive Sioux City Airport OPEN DEPARTURE??
4:00 pm	Depart Sioux City Airport en route Cedar Rapids [flight time: 1 hour]
5:00 pm	Arrive Cedar Rapids Airport CLOSED PUBLIC
5:15 pm	Depart Cedar Rapids Airport en route University of Iowa, Iowa City [drive time: 40 minutes]

5:45 pm	Arrive University of Iowa
6:00 pm - 7:00 pm	**RALLY** OLD FIELDHOUSE MAIN DECK UNIVERSITY OF IOWA
7:05 pm - 8:00 pm	**MEET & GREAT WITH SUPPORTERS**
8:00 pm	Depart University of Iowa, Iowa City en route Cedar Rapids Airport [drive time: 40 minutes]
8:40 pm	Arrive Cedar Rapids Airport
8:50 pm	Depart Cedar Rapids Airport en route Des Moines [flight time: 40 minutes] PUBLIC???
9:30 pm	Arrive Des Moines Airport CLOSED PUBLIC
9:40 pm	Depart Des Moines Airport en route hotel [drive time: 10 minutes]
9:50 pm	Arrive hotel
RON	Des Moines

POTUS SCHEDULE FOR SUNDAY FEBRUARY 11th
DES MOINES - WASHINGTON

	CHURCH
	VISIT A FLOOD VICTIM OR LUNCH AT A DINER
	MEET & GREET WITH SUPPORTERS
1:45 pm - 2:45 pm	**RALLY** KNAPP CENTER DRAKE UNIVERSITY **OPEN PRESS**
2:45 pm	Depart Drake University en route Des Moines Airport [drive time:]
tbd	Arrive Airport
3:30 pm	Depart Des Moines Airport en route Andrews [flight time: 2 hrs.] [time change: +1]
3:30 pm PST - 3:45 pm	**CONFERENCE CALL TO CALIFORNIA CAUCUSES** ABOARD AF1
6:30 pm	Arrive Andrews
6:40 pm	Depart Andrews
6:50 pm	Arrive White House

, assists Meredith Williams (FA3) in
of Cowles Library.
ɔ Editor

ʋ t Work Study

:00 work-study students at
npus)

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ʝs earn $5.50 - $7.00

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ıds pay 75% of a student's
artment in which the student
25%.

U.S. government, Drake join forces to fund work study

By Jessica Barnes
Times-Delphic Features Writer

The majority of college students receive some kind of financial aid to help pay for college. Part of many financial aid packages is the federal work-study program. The work-study program is a partially federal-funded program that is part of a student's financial aid package.

"It's part of the financial aid process and is need based," Melanie Crane, Drake's student employment coordinator, said.

Drake has roughly 1200 work-study students, Crane said. Wages range from $4.65 to $7.00 an hour for on-campus jobs and $5.50 to $7.00 an hour for off-campus and community service positions. However, Crane said, $7.00 is very high.

"$7.00 an hour is incredibly unusual," Crane said. "It happens in rare instances, usually for short time employment."

Employers set the wage rate for work-study students, which depends on funds available to each department. Each department matches funds from the federal government to pay for work study. The employer and the government divide work-study wages, usually in a 75 percent to 25 percent split, with the federal government paying the higher percentage, Crane said.

A work-study position is awarded in a financial aid package usually beginning during a student's first year.

"If a student is interested in accepting the work study their first year, we try to find them a job before they arrive on campus," Crane said.

Included with the financial aid award letter students also receive a questionnaire to fill out for the student employment office to try to place the student with one of their first three choices for employment, Crane said. The questionnaire includes questions about previous employment and experience.

The students are then notified by mail of a position they can interview for on campus to fulfill their work study award.

"During the spring, students can find a campus job on the VAX and a bulletin board outside of the student employment office," Crane said.

Crane said she doesn't know of a department at the University that doesn't employ at least one work-study student, but it is the choice of each individual department to decide how many work-study students they want to employ.

Although students are awarded employment in order to receive funds to pay tuition, what students do with their paychecks is a personal choice.

"It's a fluid system," Crane said. "It's a paycheck, and there is no obligation to turn it over to Drake. It's a personal issue where they spend their money."

Scheffle Sarver (J4), a work-study student, assists Meredith Williams (FA3) in checking out material at the circulation desk of Cowles Library.

Photo Jason J. Clayworth, Times-Delphic Assistant Photo Editor

fund

By Jessica B

Times-Delphic Fe

The majori dents receive financial aid tc lege. Part of n packages is t study program program is a funded progra student's finar

"It's part aid process based," M Drake's stud coordinator, s

Drake ha work-study said. Wages ra $7.00 an hou jobs and $5.5 for off-campu service posi Crane said, $

"$7.00 an unusual," Cr pens in rare for short time

Employers for work-stud depends on f each departm ment matche federal gover work study. the governm study wages. percent to with the fe paying the h Crane said.

A work-s awarded in a

Fun Facts About Work Study

- **Number of Students**
There are approximately 1200 work-study students at Drake. (Both on and off campus)

- **Wage Range**
Students working on campus earn $4.65 - $7.00
Students working off campus earn $5.50 - $7.00

- **Eligibility**
Work study eligibility is determined entirely by financial need.

- **Funds for Program**
On the average, federal funds pay 75% of a student's work study wages. The department in which the student works pays the remaining 25%.

What $19,000 doesn't buy you (and w

Student worker weighs benefits, drawbacks of Hubbell Dinin

Guest Opinion

I was asked to write about what it's like to be a student

it's like to be stupid and eight, some people might actually read my article.

So let's cut to the chase: stop complaining to student employees at Hubbell. For over two

balance method for the sole purpose of bleeding your pocketbook dry a few cents at a time. Of course, that one is true. The

Granted, Hubbellites get paid minimum wage

The hours are good. W 's other studen like sarcas debate, and/ Huskers, cou woodland cr

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What $19,000 doesn't buy you (and what $4.90 does)

Student worker weighs benefits, drawbacks of Hubbell Dining Hall employment

Guest Opinion

Scott Thompson

I was asked to write about what it's like to be a student worker at Hubbell. Since I've worked there every semester of my academic career, I've been able to see and do a lot of what goes on at Hubbell; from a runner, (the guy in the white shirt at Buffet running around with a big cart and an even bigger pan of cheese) to a cashier, to a business office gofer. So I said I'd do it. I mean, how hard could it be to write a little article about something I rant and rave about on a daily basis? As long as I don't revert back to my childhood and reminisce about what it's like to be stupid and eight, some people might actually read my article.

So let's cut to the chase: stop complaining to student employees at Hubbell. For over two years, friends, neighbors and countrymen have flocked to me (and I'm sure others like me who work at Hubbell). Before my class, someone tells me their card is broken. Does it *look* like there's a card encoder in my front pocket? (Well, maybe when I'm happy to see someone, but I digress.) Another day, someone complains about their contract and how it's screwed up. Still another whines about the pennies a day they can't spend on their card and begins to spout off about the great "Hubbell conspiracy."

You all know the theory: Hubbell is on the daily declining balance method for the sole purpose of bleeding your pocketbook dry a few cents at a time. Of course, that one is true. The extra money that's saved is laundered into a trust fund, set up to send everyone who works at Hubbell on a two-week Love Boat cruise.

Granted, Hubbellites get paid minimum wage to hear you complain about your expensive rights. But Hubbellites work long and hard to pay for the same $19,000 price tag.

And let's not forget the newest theory: Hubbell is out to destroy the world, one ketchup packet at a time.

However, Hubbell isn't all about moaning and groaning. The hours are flexible, which is good. What's even better is the other student workers. If you like sarcasm, philosophical debate, and/or arguing about Huskers, country music, small woodland creatures or anything else a student supervisor may think makes the world go 'round, you should come work with us. The dinner conversation is superb (though weird).

The pay is minimal, but the opportunity to advance is great compensation. And since Hubbell is usually understaffed, Pat Campbell is always looking for a few good recruits.

But let's get back to what really cooks my goose (or gray duck, depending on your version of the game): complaints. Student complaints are nonstop. If many student workers at Hubbell (Hubbellites) seem a little grumpy or edgy, the cause may just be the enormous amount of complaints we have to hear.

Or, maybe it's the Whirl (imitation butter on everything you eat at buffet). But since everyone loves Whirl, the former is a more likely culprit.

I realize you are paying $19,000 for the right to eat at Hubbell (plus all that other unimportant stuff, like going to class). I also realize some may think they should tell us this every time they complain.

And, granted, Hubbellites get paid minimum wage to hear you complain about your expensive rights. But Hubbellites work long and hard to pay for the same $19,000 price tag.

Therefore, we have the right to ignore your "money troubles". Unfortunately, it's a part of life. So pay your bills, swipe your card and remember: one entree at a time, please.

Local businesses provide options for off-campus work study

By Angie Hunt
Times-Delphic Features Writer

The nightmares of work study: getting stuck in the cafeteria serving the daily slop, long hours in the library with nothing to do or days stuck in stuffy offices punching meaningless numbers into a computer. For those students who are a part of the work-study program, you may be able to relate. However, for those fortunate enough, there is an alternative.

Many students fulfill their work-study requirements off campus. According to Melanie Crane, Drake student employment coordinator, numerous area businesses have established ongoing contacts with the University. New businesses are occasionally added to the list of employers, but they must first meet federal work-study regulations.

YMCA, YWCA, United Way, Children and Families of Iowa, Tiny Tot Family Outreach Center, Grace United Methodist Church, Young Women's Resource Center, Big Brothers/Big Sisters and many other organizations participate in Drake's work-study program. The majority of students working off campus provide their own transportation to and from their jobs. However, others do rely on the local bus system.

Lisa Becker (BA1) works for U.S.A. Group Guarantee Services. This is her second semester working with the company. The company provides guarantee services for student Stafford loans. Becker is responsible for processing students' applications. After editing each application, she then enters the information into the computer.

"This type of work is more related to my field and career. It will provide good work experience and references."
—Lisa Becker (BA1), off-campus work-study student

Becker said she enjoys her job off campus. "It gives me a chance to get off campus and get out and about," she said. "I started out working for Hubbell before I got this job. This type of work is more related to my field and career. It will provide good work experience and references."

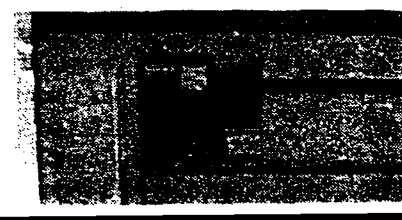
The Iowa Civil Rights Commission hires several students from area colleges each year. Lisa Schumacher (J2) has worked for the commission for two semesters. Schumacher works approximately 10 hours a week, investigating civil rights cases. She must read each case, summarize the information and interview both parties. "The people there are really nice, and I feel it has been a good learning experience," she said.

Schumacher's boss, Don Grove, earned his undergraduate and law degrees from Drake University. Hiring students from Drake is a way for him to give back to the University and community.

Schumacher also is employed on campus. "Working on campus is more convenient as far as transportation. However, working off campus allows you to make more money," she said. "Working for the Civil Rights Commission has allowed me to learn a lot of the basics of how the law operates. Working off campus is very beneficial if you have the transportation and time."

Other students have been fortunate enough to land a job that supports their major. Jill Quillin (E2) tutors at-risk children at the Children and Families of Iowa Resource Center. Quillin switched her major to elementary education after a semester of working at the center. "Overall, the job can be frustrating at times. However," she said, "once the child learns what you have been working on, it is really rewarding."

Prior to working at the resource center, Quillin had an on-campus job, working in the Fine Arts Center box office. "I really enjoy working off campus," she said. "My job at the Resource Center has been very beneficial."



Moulton School, Des Moines Public Schools

This is an inner city school with a significant minority student enrollment. NISDC has funded a project at this school to redesign the education delivery system "from the inside". The principal working with the Dean of the College of Education from Drake University encourages the teachers to discuss the need for change. Ultimately, the teachers voted overwhelmingly to try something different as long as it did not interfere with their teaching students. This key features of the NISDC project include:

- Drake University now offers teacher training classes at the school location. New education majors as part of their course of study are assigned to the "field" site at the school.
- Drake University has provided the school with computer equipment.
- Retraining of special education teachers.
- Mentoring program with Drake student mentors.
- Doctoral interns assigned to work with teachers in the school.
- Investigative teaching, now operationalized in 3rd, 4th, and 5th grades.
- Teachers and parents have convinced the school board and Teacher's union to allow phased movement to year around schooling. The private sector has recently provided air conditioning for the school. In 1995, there will be an extra week of schooling, and in 1995, there will be an additional 25 days. The community voted 80 percent for schooling year around. The school district had to get a waiver from the State of Iowa.

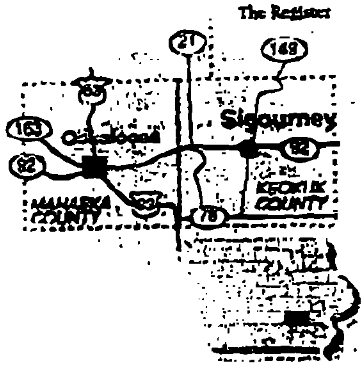
This school represents a good model for securing teacher buy-in and community buy-in to a change process. This model, however is a "teacher driven change" and does not appear to reflect a true broadbased community partnership model.

Secretary Riley visited this school last year, and a picture of the Secretary hangs in the Principal's office.

2A THE DES MOINES REGISTER ■ FRIDAY, JANUARY 12, 1996

Sigourney's prevention program recognized by national experts

The effort to prevent violence includes community service work.



The small Iowa town of Sigourney received praise for its violence prevention efforts during a national news conference Thursday.

Erin Donovan, co-director of Teens, Crime and the Community — which sponsored a new poll on teens and violence — mentioned a program by Sigourney students to raise community awareness of child abuse.

The effort is part of the Teens, Crime and the Community program offered at Sigourney High School for five years. The national program combines a curriculum — in Sigourney it's offered in an elective sociology class — and community service work.

Donovan said in an interview later that she often praises Sigourney and Iowa as models for the program.

About 35 Iowa school districts have been trained in the program,

SIGOURNEY *Please turn to Page 2A*

Service is part of program

SIGOURNEY

Continued from Page 1A

said Tim Buzzell, director of Drake University's Iowa Center for Law and Civic Education, which helps sponsor the program.

Sigourney teacher Dan Phillips said he's presented the program to people in Miami, Phoenix and Chicago.

"They don't see any problem in replicating a program from rural Iowa because the elements are the same — you give the students a chance to do their thing, see what they can do," he said.

Phillips said his students work with some 52 community groups on a variety of projects. During one of the latest, they found that 22 percent of veterans' grave markers had been stolen from area cemeteries. They're hoping to get $7,000 from the county to replace them.

Crystal Albert, a 17-year old senior, said students also do peer counseling and internships and take anti-drug programs to younger pupils.

"I think I've grown a lot because it's a lot easier to talk in front of big groups of people," she said. "I've learned a lot of leadership because we had to get everything organized and make sure it was done on time."

— Kellye Carter

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL # of pages ▸ 2

To Kris Balderston | From Eric
Dept./Agency | Phone #
Fax # | Fax #

NSN 7540-01-317-7368 5099-101 GENERAL SERVICES ADMINISTRATION

THE WHITE HOUSE
OFFICE OF DOMESTIC POLICY

CAROL H. RASCO
Assistant to the President for Domestic Policy

To: ______________________ ______________________

Draft response for POTUS
and forward to CHR by: ______________________

Draft response for CHR by: ______________________

Please reply directly to the writer
(copy to CHR) by: ______________________

Please advise by: ______________________

Let's discuss: ______________________

For your information: ______________________

Reply using form code: ______________________

File: ______________________

Send copy to (original to CHR): ______________________

Schedule ? : ☐ Accept ☐ Pending ☐ Regret

Designee to attend: ______________________

Remarks: Who do you want staff to send Ag to?

Send Ag Stuff to JB-A for moment.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

FEB 1 1996

FAX COVER SHEET

_____ Urgent

Number of pages 2
(excluding cover sheet)

Date 1/31

Time 8:00 am / pm

From: OMB Legislative Affairs
Phone: 395-4790

To: SAP DISTRIBUTION LIST

SUBJECT OF SAP: S 1541, AGRICULTURE MARKET TRANSITION ACT

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 31, 1996
(Senate)

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

S. 1541 - Agricultural Market Transition Act of 1996
(Lugar (R) Indiana and seven others)

New farm program legislation should be enacted immediately to avoid costly disruptions in the 1996 planting season; without a farm program in place, farmers will lack essential information on price supports and acreage eligibility. However, as clearly stated on several occasions, the Administration has serious concerns about several key provisions in S. 1541. Because of these concerns, if the bill were presented to the President in its current form, the Secretary of Agriculture would recommend that he veto it. In particular:

- S. 1541 would damage the safety net that farm programs now provide in stabilizing farm income. Rather than allow federal income support payments to adjust to changes in market conditions, as they do now, S. 1541 would set fixed annual payments that producers would receive, regardless of market conditions. This would have two negative results. First, farmers would receive payments even if market prices are high. Second, if market prices fall, federal payments would not rise, as they do under current law. Family farmers would have to absorb the lost income, thereby creating a "ripple effect" of lost income for rural communities. The bill would also arbitrarily limit benefits to current participants.

- S. 1541 would no longer require participants to have crop insurance -- a major, recently enacted reform. Combined with cuts in the farm safety net, this proposal likely would raise pressure to return to budget-busting, ad hoc disaster payments.

- S. 1541 would limit the Conservation Reserve Program (CRP) -- the largest voluntary conservation assistance program available to farm producers -- to existing contract holders. Even when current CRP participants opt out, USDA could not replace the lost conservation acres with more environmentally significant ones, as the Administration proposes. In addition, the bill would prevent permanent easements under the Wetlands Reserve Program (WRP) by mandating the exclusive use of fifteen year easements. These fifteen year contracts substantially increase the cost of permanent protection as taxpayers would have to make repeated payments to maintain current levels of wetland protection.

- The bill would significantly reduce spending for agricultural export assistance.

- The bill has a variety of other shortcomings, including its failure to provide permanent farm program authority for the years following 2002; and its termination of the Farmer-owned Reserve.

Finally, targeting the bill's mandatory conservation program toward livestock producers is a good first step. However, eligibility should be expanded to include conservation funding for all producers.

Basic Requirements for a Farm Bill

The Administration will continue its efforts to obtain the enactment of sound farm program legislation as soon as possible. Such legislation should address the following basic requirements:

- The farm "safety net" must be preserved to ensure sufficient farm income in lean years when prices or yields are low.

- Environmental protection and conservation programs must be maintained and, if possible, enhanced.

- A vibrant rural economy must be supported, such as through the inclusion of the Secretary of Agriculture's proposal for a "Fund for Rural America" that would finance rural development, agricultural research, and conservation programs.

- Agricultural exports and promotion should be strengthened.

- An extension of the current law authorization for the national nutrition safety net programs included in the 1990 Farm Bill.

Scoring for Purposes of Pay-As-You-Go

S.1541 would reduce direct spending; therefore it is subject to the pay-as-you-go provisions of the Omnibus Budget Reconciliation Act (OBRA) of 1990. OMB's preliminary scoring estimates are that the bill would reduce the deficit by $1.16 billion for FYs 1996-2002.

* * * * * *

January 31, 1996

TO: Chris Balderston

FR: Deborah Dawson

RE: Request for Signing Ceremony for Enrolled Bill
(H.R. 2029, the Farm Credit System Regulatory Relief Act of 1996)

Requesters for Ceremony

As we discussed earlier today, the Chairmen of two respective Boards appointed by President Clinton would like to request the opportunity for a ceremony for signing of the enrolled bill H.R. 2029, the Farm Credit System Regulatory Relief Act.

The two Administration officials who expressed an interest are: Eugene Branstool, Chairman of the Federal Agricultural Mortgage Corporation ("Farmer Mac"), formerly Assistant Secretary at USDA, former Chairman of the Ohio Democratic Party, and FOB; and Marsha Martin, Chairman of the Farm Credit Administration (FCA).

In addition, it is my understanding that there may be an interest expressed by House/Senate Minority Members of the House/Senate Agriculture Committees.

Status of H.R. 2029

- H.R. 2029, the Farm Credit System Regulatory Relief Act, was received in the White House today. The final date for signature is February 12, 1996.
- H.R. 2029 was approved by the Senate on January 26, 1996 and cleared for the White House.
- The bill was passed by the House on January 3, 1996 with amendments, then sent to the Senate for concurrence. (The amendments were technical in nature, with the exception of removal of one non-germane amendment that had been added by the Senate on December 21, 1995.)
- H.R. 2029 was passed by the Senate amended on December 21, 1995. At this time, the Senate included Title I, provisions to reform "Farmer Mac."
- Initially, H.R. 2029 passed the House under Suspension of the Rules on December 19, 1995. At that time, the bill included provisions providing regulatory relief to the Farm Credit System by modifying reporting, and reducing unnecessary, regulatory requirements.

Brief Background on H.R. 2029

There are two titles of H.R. 2029.

Title I relates to the agricultural mortgage secondary market or "Farmer Mac." Farmer Mac reform legislation will provide more long-term fixed rate credit available to farmers for farm mortgages. The legislation will provide a new credit delivery mechanism making it easier for farmers to obtain long-term fixed rate mortgages at more attractive interest rates.

Title II contains Farm Credit System regulatory relief provisions that are consistent with the National Performance Review. There are a number of regulatory burden requirements eased by the legislation. (1) The bill extends the timeframe from 12 to 18 months for examinations of farm credit system institutions, resulting in significant savings for the associations; (2) it provides authority for low-cost assistance to troubled banks in the Farm Credit System; and (3) it ensures that to be eligible for a farm credit loan at least 50 percent of the voting members of a cooperative must be farmers or producers.

Also, the bill make more funds available for farm and rural investment by providing a rebate of premiums to farm credit associations and banks once the secure base of its insurance fund is reached. It eliminates the establishment of another bureaucracy through a separate insurance corporation, thus streamlining the federal regulatory oversight of farm credit institutions.

In addition, H.R. 2029 extends the interest rate reduction program for farm ownership and operating guaranteed loans, thus making better credit available to farmers.

Closing

Should you require additional ifnormation, I would be pleased to assist. My telephone number is: (703) 883-4056 or 4235. My home number is: (703) 243-2995.

Thank you for considering this request.

Jeremy:

I am sending you some information which I believe will allow the speech writers to begin working on some remarks.

Another document which they need to look at is "President Clinton's Agenda for Rural America." We produced this last April for the Rural Conference. It is loaded with good material. However it is over 25 pages long so I won't fax it unless you want me to do so.

We do feel that the Secretary should either travel with the President or meet him at the Agriculture event. Either alternative will work. I just don't think we should send the President out in a rural area of Iowa to talk about these issues without his Secretary.

Also, the farm bill related events on Capitol Hill this week bring me to the conclusion that the President will need to discuss the farm bill situation in some detail at one time or another during the trip. We will not have a farm bill enacted and the Congress will be in recess. I just don't see a way to avoid the issue.

I hope this is helpful. Charlie Rawls. (Sp. Asst. to Undersec.)

Greg Frazier COS

TIM GALVIN 720-3935

MARTHA PHIPPS 720-3631

REMARKS PREPARED FOR SECRETARY DAN GLICKMAN
MEDIA AVAILABILITY
WASHINGTON, DC--DECEMBER 20, 1995

PAST ACCOMPLISHMENTS/FUTURE PRIORITIES

- Under the Clinton Administration, USDA has implemented policies over the past year that have made things better for the American public.

- We've made significant progress in expanding economic opportunities, enhancing the healthful, safe, and affordable U.S. food supply, providing sensible management of our natural resources, and ensuring good government for the American taxpayer.

- We want to build on our successes in the year to come. The future is unclear given the uncertainty over the budget and farm bill. But we must be ready to quickly implement new legislation that may make fundamental changes in our programs.

EXPANDING ECONOMIC OPPORTUNITIES

Trade and Exports

- Exports of U.S. agricultural products hit record levels in 1995 reaching $54.1 billion -- over $10 billion more than when President Clinton took office. 1996 exports are expected to be even greater, reaching $58 billion.

Trade means jobs. U.S. agricultural exports generate more than $100 billion annually in business activity throughout the U.S. economy and provide jobs for nearly a million workers.

- To meet demands of the increasingly international agricultural economy, USDA is increasing its efforts to help market domestic products.

Since 1988, 3 California counties couldn't export peaches and nectarines to New Zealand -- a $45-million market -- because of possible walnut husk fly infestation. After ARS research verified that the walnut husk fly presented a minimal risk of infestation, shipments resumed this year.

- There are non-tariff barriers which need to come down, like those in the vital sanitary area that are keeping our products out. We will continue our efforts to open world markets.

The resolution of sanitary and phytosanitary trade issues led to the first commercial shipment of U.S. apples to Japan.

Rural America

- The Clinton Administration is committed to reinvigorating rural America. We're talking about meeting basic needs for jobs, housing, and clean drinking water.

- The Administration's Water 2000 initiative is bringing safe, affordable drinking water to the more than 400,000 rural homes without running water.

Mildred Grace is an 84-year-old woman who has lived in a small home in Villa Ridge, Illinois, for 50 years. Her only source of water is the rain water that falls on her roof and is channeled into an underground water tank. If there is no rain, she doesn't have water. She pays a local company to deliver clean drinking water. She rations her water carefully – she doesn't use the dishwasher her kids gave her. Still, it cost her about $80 a month, nearly 30 percent of her income, to have decent water.

Last April, USDA awarded grants and loans to SouthWater, Inc., to expand the water system for Villa Ridge. This will provide clean and affordable drinking water for Mildred Grace.

- We remain committed to making progress on Water 2000 by ensuring that the most needy communities receive assistance.

- The Clinton Administration is committed to helping.Americans own their own homes.

In 1995 the Rural Housing Service helped over 90,000 low and moderate income families and individuals to buy or rent housing. It is estimated that 23,000 jobs were created in construction and sale of these homes.

- The Administration has designated 30 rural enterprise communities and 3 rural empowerment zones have signed Memoranda of Understanding allowing federal funds to begin flowing into the communities.

Watsonville, California, developed a plan that won it a designation as an empowerment zone. In community meetings, youth unemployment emerged as a top concern and led to a job training program for youth and an after-school program.

In the Rio Grande Valley, EZ funds will be used to rebuild port facilities. Other funds have been targeted for business development.

- We want to establish an account in the Commodity Credit Corporation to fund high-priority projects in rural areas. The money would be available in good years when funding is not needed for farm subsidies for conservation and environment and research projects critical to keeping us competitive.

- The development of new uses for forest and farm products is another way to increase farm income.

Two ARS scientists (George Fanta and Ken Eskins) have found a way to blend corn and soybeans -- the Midwest's 2 main crops -- into a new fat substitute called Fantesk. Fantesk stays together even in microwaving and can be used as a fat substitute in foods traditionally high in fat, without sacrificing flavor. Companies in California and Georgia are already looking at several industrial uses for Fantesk.

HEALTHY, SAFE, AFFORDABLE FOOD SUPPLY

- Meat and poultry inspection remains a top priority for next year. USDA got together this year with industry and consumer groups on its proposal to require all meat and poultry slaughter and processing plants to implement Hazard Analysis and Critical Control Points (HACCP). The proposal will be finalized early in 1996.

- The School Meals Initiative for Healthy Children final rule was published in 1995 and USDA launched an aggressive educational campaign to improve meals served to children in 92,000 schools across the country. We will continue to work in these areas.

- We will also enter the new year with plans to meet the commitment to full funding for WIC. We hope to reach 7.5 million participants by the end of FY 1996.

- The first roundtable on gleaning and food rescue hosted by USDA brought representatives from the public and private sectors together to talk about food rescue for the hungry. Nothing can replace USDA's food and nutrition programs. But by working with the private sector, we can supplement federally funded programs during a time of tight budgets.

Much is already being done. USDA has donated surplus potatoes to the South Plains Food Bank of Lubbock, Texas, which are processed by the Breedlove Dehydration Plant for distribution to the needy. This year, the Department entered into a contract with World Hunger Year to develop a comprehensive database identifying all known organizations providing hunger and poverty related services, particularly those organizations supporting food recovery efforts. And USDA cafeterias have been donating prepared and perishable foods to the D.C. Central Kitchen, a nonprofit organization that feeds the needy, since 1992.

- USDA focused attention this year on the trend toward less competition in the marketplace.

Today, 4 companies control 82 percent of the beef industry. In many parts of the country, a cattle, hog or chicken producer may be locked into one market for his product without any competitive choice.

- We will continue to focus attention on concentration issues and will act to stop this lack of competition where it affects agriculture.

GOOD GOVERNMENT

- President Clinton's reorganization of USDA will save taxpayers time and money -- $4.1 billion by 1999. It will also cut paperwork, red tape and regulations.

We will cut or improve over 80 percent of the regulations we have on the books. We have eliminated more than 1700 pages and rewritten more than 1300 pages of federal code. In 1996, we plan to eliminate over 1500 pages and rewrite over 450.

USDA is working with the National Performance Review (NPR) on a pilot project to change government listings in the blue pages of public telephone directories. This may seem like a small thing, but making it easier to find us in the first place is certainly more customer friendly.

- This Administration has taken the most aggressive anti-fraud stand in the history of the food stamp program. Fighting fraud and reforming the program remain top priorities for 1996.

USDA launched a plan to aggressively fight food stamp fraud, including a 13-point anti-fraud legislative proposal and administrative actions such as Operation Checkout to remove unauthorized stores from the program through ongoing retailer "sweeps" in cities across the nation. More than 1400 stores across the country have been removed so far.

- Farmers participated in record numbers in risk management efforts under the new crop insurance program with nearly 80 percent of farm program acreage covered by either private crop insurance or the basic, catastrophic plan. A total of 2.5 million individual policies were in place for the 1995 crop, up from about 800,000 a year earlier. This year we paid over $1.5 billion to producers with significant crop losses.

- We recognized there were some glitches in our crop insurance reform, and over the last year we have introduced a number of changes to make the program more responsive and we will continue to do so.

SENSIBLE MANAGEMENT OF NATURAL RESOURCES

- In 1995, USDA completed the most successful soil erosion reduction program in the nation's history. More than two-thirds of the nation's most highly erodible land is now protected from excessive erosion. Annual erosion savings now exceed 1 billion tons a year.

ARS scientists came up with a 3-year crop rotation plan to help control soil erosion, crops diseases and weeds while maximizing profits and reducing risk.

Russ Zenner, who farms 2500 acres near Genesee, Idaho, converted 60 percent of his farm to that conservation tillage plan.

He reports that his winter wheat yields in the rotation system were at least as good, or better than, what he gets in other rotation systems on his farm.

His pea and lentil yields have improved, and he's actually surpassed the requirements

for residue compliance on his farm.

- The most recent sign-up in the Conservation Reserve Program was directed toward enrolling only the most environmentally-sensitive land in the program. The popularity of the program was demonstrated when, in the 13th sign-up in September of 1995, more than two-and-one-half times as many acres were bid than could be accepted under the current rules.

- In a meeting with representatives of the Quincy Library Group in mid-November, USDA pledged a $4.7 million funding package to improve forest health and reduce fire risk on national forest lands in the QLG area. The pledge is in addition to the funding the forests anticipate receiving for these activities in FY '96. This community-based organization is concerned with the health and fire hazards of their surrounding national forests, and serves as an excellent example of a local community working with the Forest Service in making decisions about resource management and expanding economic opportunities.

NEWS
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Release No. 0858.95

GLICKMAN REVIEWS USDA ACCOMPLISHMENTS FOR 1995

WASHINGTON, Dec. 20, 1995--Agriculture Secretary Dan Glickman today said the U.S. Department of Agriculture, under the Clinton Administration, has implemented policies over the past year that have improved rural America and helped the American public.

"During this season, Americans young and old pause to reflect on the past year and determine goals for the year ahead. We at USDA are no different," Glickman said. "So, as we end 1995 and look to 1996, I am pleased to share with you some of USDA's successes. We will build on these successes in the coming year as we work with Congress on writing and passing a new farm bill."

"Over the past year, we've achieved significant progress toward expanding economic opportunities, enhancing the healthful, safe, and affordable U.S. food supply, providing sensible management of our natural resources, and ensuring good government for the American taxpayer," Glickman said. Highlights of 1995 successes are:

EXPANDING ECONOMIC OPPORTUNITIES

- U.S. agriculture exports hit record levels. Boosted mainly by a large surge in sales of bulk commodities, exports reached an all-time high of $54.1 billion in fiscal year 1995 -- $10.6 billion over fiscal 1994's level of $43.5 billion. FY 1996 exports are expected to be even greater, reaching yet another record of $58 billion. Agriculture contributes a $24 billion trade surplus to the U.S. balance of trade. U.S. agricultural exports support roughly 768,000 jobs both on and off the farm. Nearly 23 percent of agricultural Gross Domestic Product is now earned from the export market.

- USDA established a special action team to focus resources and attention on the growing use by foreign countries of technical barriers to trade. Many of these barriers take the form of sanitary and phytosanitary regulations imposed by governments simply to impede imports. An agreement with Korea resolved one such problem and will enable U.S. exports of meat and other products to increase by at least $240 million annually in the near term and by up to $1 billion by 1999. The agreement resolved a World Trade Organization complaint filed by the U.S. red meat industry against Korean shelf life regulations.

- Through negotiations with animal and plant health officials in foreign countries, USDA obtained new markets for American agricultural products estimated to be worth $34 million annually.

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- The President's Northwest Economic Adjustment Initiative, in its second year, greatly expanded the distribution of targeted assistance for impacted timber communities. A total of $218,508,000 in assistance, ranging from jobs in the woods initiatives to business loans and grants, was utilized by seven federal agencies working in cooperation with state and local people through the community economic revitalization teams (CERTs). In addition to the development of an effective targeting system, the high level of cooperation between three levels of government indicates that the CERT approach is a good government model to consider using in other regions. The three states, California, Oregon, and Washington have all requested a two-year extension of the initiative. After the first full year operating under the President's forest plan in the Pacific Northwest, the Forest Service exceeded its planned offer of timber by nearly 10 percent. The President's plan succeeded in ending legal gridlock and creating an environmentally responsible framework for sustainable forest management in some of the most pristine areas of the United States -- and the world.

- The Administration's designated 30 rural enterprise communities and three rural empowerment zones have signed Memoranda of Understanding allowing federal funds to begin flowing into the communities. The designations provide special consideration for various federal programs and other assistance, including social service block grants, new tax exempt facility bonds and tax incentives for employment. The three rural Empowerment Zones are Kentucky Highlands, Mid-Delta in Mississippi, and Rio Grande Valley in Texas. USDA is providing technical assistance as well as funding to help the EZEC's achieve their development goals.

- USDA focused attention on competition in some sectors vital to American producers. Studies were either completed or underway in 1995 to examine competition in areas such as the railroad and meat packing industries. USDA aggressively pursued enforcement of the Packers and Stockyards Act including filing an administrative complaint against IBP, Inc. charging the company with unjustly discriminatory practices and giving an unreasonable preference.

- The Administration is committed to improving daily life in rural America. For example, in FY 95 USDA funded Distance Learning/Medical Link projects in 300 educational facilities that were used by 150,000 students and in 100 medical facilities that were better able to treat 60,000 patients. In 1995 USDA also financed over 1,000 water and waste disposal projects in low income rural areas providing service to 835,380 rural residents, including $23 million in projects in the Colonias -- providing first time service to many residents in this economically distressed area along the Mexican border. And, in FY 95, USDA assisted more than 90,000 families and individuals purchase or rent housing. Through USDA's rural economic and community development programs, more than 80,000 jobs were created or saved in 1995.

-more-

- The Forest Service exceeded its FY '95 salvage timber sale target by nearly twenty percent in implementing the 1995 Rescission Act timber salvage sale provisions. By the beginning of November '95, the FS had offered 1.851 billion board feet for sale nationally, exceeding the original goal of 1.57 billion board feet.

- USDA signed its 500th Cooperative Research and Development Agreement (CRADA) with an industry partner, demonstrating USDA's leadership in government efforts to accelerate the flow of public research to the private sector for commercial development and broad public benefit. The 500th CRADA was with the Mycotech Corporation, of Butte, Montana, and pertains to the development of a biological alternative to chemical insecticides for control of the silverleaf whitefly, a devastating insect pest of food and fiber crops in the southern United States. This biocontrol agent is now in commercial production and is being tested by field application on private farms.

HEALTHY, SAFE AND AFFORDABLE FOOD SUPPLY

- USDA took significant steps to take advantage of the latest science and technology to ensure the continued safety of the U.S. food supply. In early 1995, USDA proposed significant reform of the meat and poultry inspection system through the Hazard Analysis and Critical Control Points (HACCP) and the Pathogen Reduction proposed rule. USDA conducted extensive dialogue on the proposal with government, industry, producer, and consumer groups, and is currently working to issue a final rule to reform the meat and poultry inspection system and improve food safety.

- USDA launched a comprehensive plan to aggressively fight food stamp fraud, including a 13-point anti-fraud legislative proposal and administrative actions such as Operation Checkout, a cooperative effort of the Food and Consumer Service and the Inspector General's office to identify and remove unauthorized stores from the program through ongoing retailer "sweeps" in cities across the nation. More than 1,400 stores across the country have been removed so far.

- The School Meals Initiative for Healthy Children final rule was published updating the nutrition standards for the meals served to 25 million children in 92,000 schools across the country. Beginning in the 1996 school year, school meals will meet the Dietary Guidelines for Americans and are expected to be more appealing to children.

- The first roundtable on gleaning and food rescue hosted by USDA brought leaders and representatives from the public, private industry and the federal government together to exchange information, expand networks, and enhance systems for using rescued food to feed hungry Americans.

-more-

SENSIBLE MANAGEMENT OF NATURAL RESOURCES

- In 1995, USDA met a 10 year objective to work with farmers of highly erodible cropland to implement the most successful soil erosion reduction program in the nation's history. As a result, the nation's 100 million acres of highly erodible land is now protected from excessive erosion. And, annual erosion savings are expected to average 1 billion tons a year.

- The most recent sign-up of The Conservation Reserve Program was targeted toward the most environmentally-sensitive land. The popularity of the program was demonstrated when, in the most recent sign-up in September of 1995, more than two-and-one-half times as many acres were bid than could be accepted under current law.

- After a meeting with representatives of the Quincy Library Group in mid-November, USDA pledged a $4.7 million funding package to improve forest health and reduce fire risk on national forest lands in the QLG area. The pledge is in addition to the funding the forests anticipate receiving for these activities in FY 1996. This community-based organization is concerned with the health and fire hazards of their surrounding national forests, and serves as an excellent example of a local community working with the Forest Service in making suggestions about resource management and expanding economic opportunities.

- Members of the Forest Service's Americorps team in 1995 constructed or maintained 682 miles of trails, protected 2,599 acres of wildlife habitat, improved 668 acres of timber stand, built or rehabilitated 446 campground sites, improved 760 acres of fisheries habitat, restored fire-damaged areas by planting 93,500 willow cuttings, and provided conservation education to 88,373 students in grades K-12.

GOOD GOVERNMENT

- President Clinton's reorganization of USDA will achieve a savings of $4.1 billion by 1999 through a number of actions, including: reducing staff by 13,000; reducing the number of agencies from 43 to 29; replacing 3,700 field office locations with 2,536 Service Centers; and consolidating administrative management functions. Staff year reductions and the savings resulting from those reductions are ahead of schedule, with USDA already down by 10,000 staff years since 1993 for a savings of more than $900 million.

- USDA has eased the regulatory burden on stakeholders by eliminating more than 1,700 pages and reinventing more than 1,300 pages of federal code.

- Following enactment of landmark crop insurance reform legislation in October of 1994, farmers participated in record numbers in the risk management effort with nearly 80 percent of farm program acreage covered by the basic catastrophic plan. A total of 2.5 million individual policies were in place for the 1995 crop, up from about 800,000 a year earlier. Due to the wet weather in the spring of 1995, USDA made a number of changes to the crop insurance program to make it more responsive to farmers' needs. Because of the poor weather conditions of 1995, indemnities paid to producers are estimated to be $1.6 billion.

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Not Used

IMPLICATIONS OF SENATE FARM BILL

FOR IOWA'S FARMERS

- On Wednesday, the Senate passed its version of the Farm Bill. The House has yet to pass a Farm Bill. We commend the actions of the Senate and encourage the House to follow suit as soon as possible.

- The Administration in its farm bill proposal recommended that planting flexibility be increased, less reliance be placed on annual acreage reduction programs to control supplies and authority be provided to enroll new acreage in the Conservation Reserve Program (CRP). We are happy to report, the Senate bill contains these recommendations. Unfortunately, the Senate bill would undermine the safety net for farmers in years when prices are weak.

- Under the Senate bill, payments to corn producers would remain steady at about $2.6 billion over the next four years before gradually falling to about $1.8 billion in FY 2002. In comparison, corn producers received $3.2 billion in payments in 1994, but abnormally high prices are projected to reduce 1995-crop payments down to less than $100 million. A system, which fixes payments for the next 7 years, may provide farmers with inadequate protection when market prices fall as they did as early as last year.

- The Senate bill caps the loan rate for corn at the current level of $1.89 per bushel, but allows the loan rates for soybeans and minor oilseeds to move above the current minimums of $4.92 for soybeans and $0.087 per pound for minor oilseeds. Under the Senate bill, the loan rate for soybeans could increase to $5.26 per bushel and to $0.093 per pound for minor oilseeds if market prices continue to remain strong.

- Under the Senate bill, farmers would be permitted to plant alternative crops, with the exception of fruits and vegetables, on up to 100 percent of a crop's base with no reduction in payments. This would enable farmers to plant soybeans on corn base and corn on soybean acreage, which program participants cannot do under current law. This feature will be especially important in Iowa where corn and soybeans dominate. This added planting flexibility would give producers the opportunity to plant the mix of crops that are the most profitable and those that best address environmental concerns.

- Last year, corn producers were required to idle 7.5 percent of their corn base to be eligible for price support loans and payments. On a national basis, that meant corn producers could not plant on 4.7 million acres. Iowa's producers had to idle over 925,000 acres. Under the Senate bill, the authority for annual acreage reduction programs would be eliminated, allowing farmers, not the Federal government, to decide how much acreage should be planted.

- The Senate bill gives the Secretary the authority to enroll new acreage in the CRP as existing contracts expire or as existing contractholders opt to terminate their contracts before expiration. Nationwide, there are currently 36.4 million acres enrolled in the CRP, with 2.2 million acres enrolled in Iowa. The program provides about $185 million annual in payments to Iowa farmers. Extension of enrollment authority, which the Administration strongly supported, will help Iowa's farmers address environmental and water quality problems. !

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250
(202) 720-3631

MEMORANDUM

Date: February 7, 1996

To: **Elizabeth Drye**

From: **Martha Phipps**

RE: **Information for speechwriters**

Farm Topics/Accomlishments/Popular Positions

1. Ethanol - see attached one pager

2. Flexibility - US farmers and producers should be given the flexibility they need to produce for the marketplace, not the government. Both the Clinton Administration and the Congress have agreed that flexibility provisions must be included in a final farm bill.

3. Exports -Exports of US agricultural products hit record levels in 1995 reaching $54.1 billion -- over $10 billion more than when Clinton took office. 1996 exports are expected to be even greater, reaching $58 billion. Agriculture is one of the only areas in which we have a positive US trade balance. Each dollar of exports in agriculture generates $2 of economic activity in the US. (Needs to be fact checked.) $2.40

4. Rural Development - The Clinton Administration has refused to let rural America be left behind. We insisted that rural development be adequately funded before we would sign the Agriculture Appropriations bill.

5. Prices for corn, soybeans and wheat are at record levels. Iowa soybean prices in January were at the highest level since 1989. Iowa is the largest soybean-procuding state in the US. The current corn market is the strongest in years, bolstered by robust demand and a sharp drop in production. High prices are expected to lead to a significant expansion in acreage in 1996. Corn is the biggest contributor to cash receipts in Iowa representing 26% of all agricultural cash receipts in 1994. Iowa is the most important corn producing state in the nation. Many of the pork producers and processors in Iowa have recognized the value of the export market. Over the last several years, pork exports have grown at a rapid pace, an increase of 116 percent. This explosion of pork exports turned the US from a net importer to a net exporter, something that has not occurred in 43 years.

Hot Topics

5. Fund for Rural America - American agriculture is a powerhouse today because of the investments we have made to make sure we are competitive. Our research dollars have produced the most efficient, economical, productive farming techniques. Our conservation dollars have preserved the productive capacity of our farms. Our rural development dollars have maintained the basic infrastructure needed in our rural towns. Investment in infrastructure helps the transition to a more market-oriented agriculture because it will ensure that farmers have the solid foundation they need to prosper and compete in the world.

6. Farmer Mac - background attached. We will get you more information tomorrow.

7. Farm Bill - see attached statement.

February 6, 1996

BRIEFING PAPER FOR IOWA TRIP

Ethanol

Background: Since 1993, the ethanol industry has grown by 50 percent and USDA estimates that increasing ethanol production to 2 billion barrels by the year 2000 could create as many as 28,000 new jobs. In addition, increasing ethanol production also raises the average price of corn (for every added 200 million bushels of corn that go to ethanol, corn prices may rise as much as 8 cents--increasing the income of corn producers by hundreds of millions of dollars). The reverse is also true. If ethanol production decreases, farm incomes fall while deficiency payments rise.

Senator Harkin has helped rally other Midwestern Senators on further expansion of the use of ethanol. He held hearings in the 103rd Congress to show the advantages of ethanol over other gasoline additives. Senator Harkin actually drank ethanol at one of these hearings--a true believer!

Administration Action: The Administration is committed to the continued growth and development of the U.S. ethanol industry. Therefore, we are on record as strongly opposing any effort to reduce or repeal the alcohol fuels tax exemption. If pending legislation eliminating ethanol's excise tax exemption (S. 1066) is enacted, corn farm income could decrease in the neighborhood of $3 billion--$626 million alone in Iowa.

Feb. 7. 1996 6:57PM USDA No. 2468 P. 2/7

NEWS

UNITED STATES DEPARTMENT OF AGRICULTURE
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Release No. 0058.96

Tom Amontree (202) 720-4623

Statement

by
Agriculture Secretary Dan Glickman
on Senate Approval of 1995 Farm Bill Legislation
February 7, 1996

"Today's passage of S.1541 by the U.S. Senate is a step in the right direction. I want to take this opportunity to express personally my appreciation to Majority Leader Dole, Minority Leader Daschle, Chairman Lugar, Ranking Member Leahy and Minority Whip Ford for all their hard work on this bill.

"S.1541 does not address all the concerns of the Clinton Administration. I remain concerned that the bill will continue to provide payments when market conditions are good and that it does not provide as strong a safety net for family farmers as we would like. However, the amendments adopted to the base bill are significant improvements and a good place to begin negotiations as the bill goes to conference.

"Throughout the process, the President and I have stressed certain priorities that must be met in the Farm Bill legislation, including: an adequate safety net for producers, meeting investment needs in rural America and permitting farmers greater flexibility to plant for the market rather than the government, a provision of the bill that we have consistently supported.

"We believe this bill begins to address those needs through the inclusion of the "Fund for Rural America," the continuation of permanent law and the funding for nutrition and conservation programs. The Senate bill also includes research, trade, rural development, and credit titles that were proposed by the Clinton Administration last year, and are critical to the competitiveness of U.S. agriculture in the international marketplace.

While today's action is a step in the right direction, the bill still does not fully address all of the Administration's concerns. I urge the House to take up the Farm Bill as soon as possible and make additional improvements, so we can get a final bill enacted and end the uncertainty for American agriculture."

#

Brief Background on H.R. 2029

There are two titles of H.R. 2029.

Title I relates to the agricultural mortgage secondary market or "Farmer Mac." Farmer Mac reform legislation will provide more long-term fixed rate credit available to farmers for farm mortgages. The legislation will provide a new credit delivery mechanism making it easier for farmers to obtain long-term fixed rate mortgages at more attractive interest rates.

Title II contains Farm Credit System regulatory relief provisions that are consistent with the National Performance Review. There are a number of regulatory burden requirements eased by the legislation. (1) The bill extends the timeframe from 12 to 18 months for examinations of farm credit system institutions, resulting in significant savings for the associations; (2) it provides authority for low-cost assistance to troubled banks in the Farm Credit System; and (3) it ensures that to be eligible for a farm credit loan at least 50 percent of the voting members of a cooperative must be farmers or producers.

Also, the bill make more funds available for farm and rural investment by providing a rebate of premiums to farm credit associations and banks once the secure base of its insurance fund is reached. It eliminates the establishment of another bureaucracy through a separate insurance corporation, thus streamlining the federal regulatory oversight of farm credit institutions.

In addition, H.R. 2029 extends the interest rate reduction program for farm ownership and operating guaranteed loans, thus making better credit available to farmers.

Closing

Should you require additional ifnormation, I would be pleased to assist. My telephone number is: (703) 883-4056 or 4235. My home number is: (703) 243-2995.

Thank you for considering this request.

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

December 1 2 1995

Honorable Wayne Allard
Chairman
House Agriculture Committee
Subcommittee on Resource Conservation,
Research, and Forestry
1300 Longworth House Office Building
Washington, D.C. 20515

Dear Wayne:

I am writing to express the Department of Agriculture's (USDA) views on the status of the Federal Agricultural Mortgage Corporation (Farmer Mac) and on H.R. 2130, the Farmer Mac Reform Act of 1995. I regret that USDA was not in a position to testify at the recent hearing before the House Agriculture Committee Resource Conservation, Research, and Forestry Subcommittee on this issue and hope that this letter is helpful to you when the House Agriculture Committee marks-up this important legislation.

Farmer Mac has obviously not been successful and is likely to fail if it is not reformed. The original goal of Farmer Mac remains valid today -- farmers and ranchers could benefit from greater use of fixed-rate, long-term credit during periods of highly variable upward interest rates. It is possible that a reformed Farmer Mac would improve the prospects of increasing the availability of fixed rate, long-term credit. This could result in significant economic benefit to American agriculture and the entire rural economy.

If Congress chooses to reform Farmer Mac, it must adequately protect American taxpayers from the risk that Farmer Mac would need to borrow from the Treasury in order to honor its obligations under guarantees which it has issued. We believe that it is possible to reform Farmer Mac in such a way that there is little risk to the taxpayers. Retaining a first-loss requirement could provide such protection. However, other adequate protection could include such measures as retaining the geographic and commodity diversity requirements in current law, providing a more limited extension of the time in which Farmer Mac must meet minimum capital adequacy standards, or increasing capital reserve requirements. The specific provisions in any final bill would obviously have to be evaluated carefully before making a formal determination regarding the sufficiency of such protection.

I hope this information is helpful and thank you for your leadership in addressing this important issue. A similar letter is being sent to Chairman Roberts and Congressmen de la Garza, Emerson, and Johnson.

Sincerely,

Dan Glickman

DAN GLICKMAN
Secretary

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

FEB 0 2 1996

Honorable Alice M. Rivlin
Director
Office of Management and Budget
Room 252, Old Executive Office Building
Washington, D.C. 20503

Dear Alice:

The Department of Agriculture wishes to make the following report on H.R. 2029, the "Farm Credit System Reform Act of 1996."

As Secretary of Agriculture, I recommend to the President that this bill be signed into law.

Title I of H.R. 2029 relates to the Federal Agricultural Mortgage Corporation which is known as "Farmer Mac." The function of this entity is to provide a secondary market for farm and rural housing loans. Under current law, Farmer Mac is authorized to guarantee securities formed by certified loan pooling institutions. This is a fairly limited role. Only in the case of farm loans guaranteed by the Department is Farmer Mac permitted to purchase, pool and securitize loans. H.R. 2029 would broaden Farmer Mac's authorities to purchase, pool, securitize and guarantee securities regardless of whether the loans are guaranteed by the Department. This would provide Farmer Mac a more pro-active role and it would allow private lenders better access to secondary markets. The Department believes these opportunities need not be limited to loans guaranteed under its programs. Access to the secondary markets through Farmer Mac should provide private agricultural lenders with more liquidity and increased business opportunities. Farmers and ranchers as well as rural homeowners should be able to benefit by having more capital available at more competitive interest rates.

Title II of H.R. 2029 contains a number of regulatory reforms that should provide more flexibility for the Farm Credit System to continue operating in an efficient manner. The Farm Credit System is an integral part of the institutional structure that provides operating and long-term financing for American agriculture. It has a long history of proven performance. The Department is generally supportive of regulatory reforms that will improve efficiency while protecting the public. Further, the Department understands that the Farm Credit System has worked with Congress in developing the reform measures in Title II.

Finally, we note that section 220 of Title II extends the interest rate reduction program through September 30, 2002. The authority for this program expired September 30, 1995. The program provides a modest subsidy on loans guaranteed by the Department. For fiscal year 1996, about $200 million in farm operating loans are expected to receive this subsidy, which would be of considerable benefit to those farmers and ranchers who are able to qualify for these loans.

This is a bill which the President should sign into law. It would help ensure that the Nation's farmers and ranchers are able to obtain an adequate supply of farm credit. It would provide Farmer Mac with more tools to create a secondary market which would benefit agricultural lenders as well as farmers and ranchers, and prospective rural homeowners. And, this bill would help the Farm Credit System achieve greater efficiency.

Sincerely,

Dan Glickman

DAN GLICKMAN
Secretary

REMARKS PREPARED FOR SECRETARY DAN GLICKMAN
MEDIA AVAILABILITY
WASHINGTON, DC--DECEMBER 20, 1995

PAST ACCOMPLISHMENTS/FUTURE PRIORITIES

- Under the Clinton Administration, USDA has implemented policies over the past year that have made things better for the American public.

- We've made significant progress in expanding economic opportunities, enhancing the healthful, safe, and affordable U.S. food supply, providing sensible management of our natural resources, and ensuring good government for the American taxpayer.

- We want to build on our successes in the year to come. The future is unclear given the uncertainty over the budget and farm bill. But we must be ready to quickly implement new legislation that may make fundamental changes in our programs.

EXPANDING ECONOMIC OPPORTUNITIES

Trade and Exports

- Exports of U.S. agricultural products hit record levels in 1995 reaching $54.1 billion -- over $10 billion more than when President Clinton took office. 1996 exports are expected to be even greater, reaching $58 billion.

Trade means jobs. U.S. agricultural exports generate more than $100 billion annually in business activity throughout the U.S. economy and provide jobs for nearly a million workers.

- To meet demands of the increasingly international agricultural economy, USDA is increasing its efforts to help market domestic products.

Since 1988, 3 California counties couldn't export peaches and nectarines to New Zealand -- a $45-million market -- because of possible walnut husk fly infestation. After ARS research verified that the walnut husk fly presented a minimal risk of infestation, shipments resumed this year.

- There are non-tariff barriers which need to come down, like those in the vital sanitary area that are keeping our products out. We will continue our efforts to open world markets.

The resolution of sanitary and phytosanitary trade issues led to the first commercial shipment of U.S. apples to Japan.

Rural America

- The Clinton Administration is committed to reinvigorating rural America. We're talking about meeting basic needs for jobs, housing, and clean drinking water.

- The Administration's Water 2000 initiative is bringing safe, affordable drinking water to the more than 400,000 rural homes without running water.

Mildred Grace is an 84-year-old woman who has lived in a small home in Villa Ridge, Illinois, for 50 years. Her only source of water is the rain water that falls on her roof and is channeled into an underground water tank. If there is no rain, she doesn't have water. She pays a local company to deliver clean drinking water. She rations her water carefully -- she doesn't use the dishwasher her kids gave her. Still, it cost her about $80 a month, nearly 30 percent of her income, to have decent water.

Last April, USDA awarded grants and loans to SouthWater, Inc., to expand the water system for Villa Ridge. This will provide clean and affordable drinking water for Mildred Grace.

- We remain committed to making progress on Water 2000 by ensuring that the most needy communities receive assistance.

- The Clinton Administration is committed to helping Americans own their own homes.

In 1995 the Rural Housing Service helped over 90,000 low and moderate income families and individuals to buy or rent housing. It is estimated that 23,000 jobs were created in construction and sale of these homes.

- The Administration has designated 30 rural enterprise communities and 3 rural empowerment zones have signed Memoranda of Understanding allowing federal funds to begin flowing into the communities.

Watsonville, California, developed a plan that won it a designation as an empowerment zone. In community meetings, youth unemployment emerged as a top concern and led to a job training program for youth and an after-school program.

In the Rio Grande Valley, EZ funds will be used to rebuild port facilities. Other funds have been targeted for business development.

- We want to establish an account in the Commodity Credit Corporation to fund high-priority projects in rural areas. The money would be available in good years when funding is not needed for farm subsidies for conservation and environment and research projects critical to keeping us competitive.

- The development of new uses for forest and farm products is another way to increase farm income.

Two ARS scientists (George Fanta and Ken Eskins) have found a way to blend corn and soybeans -- the Midwest's 2 main crops -- into a new fat substitute called Fantesk. Fantesk stays together even in microwaving and can be used as a fat substitute in foods traditionally high in fat, without sacrificing flavor. Companies in California and Georgia are already looking at several industrial uses for Fantesk.

HEALTHY, SAFE, AFFORDABLE FOOD SUPPLY

- Meat and poultry inspection remains a top priority for next year. USDA got together this year with industry and consumer groups on its proposal to require all meat and poultry slaughter and processing plants to implement Hazard Analysis and Critical Control Points (HACCP). The proposal will be finalized early in 1996.

- The School Meals Initiative for Healthy Children final rule was published in 1995 and USDA launched an aggressive educational campaign to improve meals served to children in 92,000 schools across the country. We will continue to work in these areas.

- We will also enter the new year with plans to meet the commitment to full funding for WIC. We hope to reach 7.5 million participants by the end of FY 1996.

- The first roundtable on gleaning and food rescue hosted by USDA brought representatives from the public and private sectors together to talk about food rescue for the hungry. Nothing can replace USDA's food and nutrition programs. But by working with the private sector, we can supplement federally funded programs during a time of tight budgets.

Much is already being done. USDA has donated surplus potatoes to the South Plains Food Bank of Lubbock, Texas, which are processed by the Breedlove Dehydration Plant for distribution to the needy. This year, the Department entered into a contract with World Hunger Year to develop a comprehensive database identifying all known organizations providing hunger and poverty related services, particularly those organizations supporting food recovery efforts. And USDA cafeterias have been donating prepared and perishable foods to the D.C. Central Kitchen, a nonprofit organization that feeds the needy, since 1992.

- USDA focused attention this year on the trend toward less competition in the marketplace.

Today, 4 companies control 82 percent of the beef industry. In many parts of the country, a cattle, hog or chicken producer may be locked into one market for his product without any competitive choice.

- We will continue to focus attention on concentration issues and will act to stop this lack of competition where it affects agriculture.

GOOD GOVERNMENT

- President Clinton's reorganization of USDA will save taxpayers time and money -- $4.1 billion by 1999. It will also cut paperwork, red tape and regulations.

We will cut or improve over 80 percent of the regulations we have on the books. We have eliminated more than 1700 pages and rewritten more than 1300 pages of federal code. In 1996, we plan to eliminate over 1500 pages and rewrite over 450.

USDA is working with the National Performance Review (NPR) on a pilot project to change government listings in the blue pages of public telephone directories. This may seem like a small thing, but making it easier to find us in the first place is certainly more customer friendly.

- This Administration has taken the most aggressive anti-fraud stand in the history of the food stamp program. Fighting fraud and reforming the program remain top priorities for 1996.

USDA launched a plan to aggressively fight food stamp fraud, including a 13-point anti-fraud legislative proposal and administrative actions such as Operation Checkout to remove unauthorized stores from the program through ongoing retailer "sweeps" in cities across the nation. More than 1400 stores across the country have been removed so far.

- Farmers participated in record numbers in risk management efforts under the new crop insurance program with nearly 80 percent of farm program acreage covered by either private crop insurance or the basic, catastrophic plan. A total of 2.5 million individual policies were in place for the 1995 crop, up from about 800,000 a year earlier. This year we paid over $1.5 billion to producers with significant crop losses.

- We recognized there were some glitches in our crop insurance reform, and over the last year we have introduced a number of changes to make the program more responsive and we will continue to do so.

SENSIBLE MANAGEMENT OF NATURAL RESOURCES

- In 1995, USDA completed the most successful soil erosion reduction program in the nation's history. More than two-thirds of the nation's most highly erodible land is now protected from excessive erosion. Annual erosion savings now exceed 1 billion tons a year.

ARS scientists came up with a 3-year crop rotation plan to help control soil erosion, crops diseases and weeds while maximizing profits and reducing risk.

Russ Zenner, who farms 2500 acres near Genesee, Idaho, converted 60 percent of his farm to that conservation tillage plan.

He reports that his winter wheat yields in the rotation system were at least as good, or better than, what he gets in other rotation systems on his farm.

His pea and lentil yields have improved, and he's actually surpassed the requirements for residue compliance on his farm.

- The most recent sign-up in the Conservation Reserve Program was directed toward enrolling only the most environmentally-sensitive land in the program. The popularity of the program was demonstrated when, in the 13th sign-up in September of 1995, more than two-and-one-half times as many acres were bid than could be accepted under the current rules.

- In a meeting with representatives of the Quincy Library Group in mid-November, USDA pledged a $4.7 million funding package to improve forest health and reduce fire risk on national forest lands in the QLG area. The pledge is in addition to the funding the forests anticipate receiving for these activities in FY '96. This community-based organization is concerned with the health and fire hazards of their surrounding national forests, and serves as an excellent example of a local community working with the Forest Service in making decisions about resource management and expanding economic opportunities.

IOWA FACT SHEET

POPULATION, EMPLOYMENT, AND INCOME

Call 202-219-1107 for FAX number 45516 As of 14-Dec-95

	State	Metro	Nonmetro
Population			
1980	2,913,808	1,198,228	1,715,582
1990	2,776,831	1,199,892	1,576,939
latest (1994)	2,829,252	1,245,728	1,583,524
Per-capita income			
1992	18,148	19,697	16,945
1993	18,275	20,322	16,673
Change	0.7%	3.2%	-1.6%
Earnings per job			
1992	21,308	23,858	18,996
1993	21,083	24,418	18,035
Change	-1.1%	2.3%	-5.1%
Poverty rate			
1980	10.1	8.9	11.0
1990	11.5	11.1	11.8
latest (1992)	11.3	N/A	N/A

	State	Metro	Nonmetro
Total Employment			
1992	1,666,313	792,366	873,947
1993	1,691,607	807,804	883,803
Unemployment Rate			
1993	4.0	3.8	4.2
1994	3.7	3.4	4.0
Percent employment change			
1991-92	2.3	2.8	1.9
1992-93	3.8	4.9	2.8
1993-94	1.3	0.8	1.8
Percent of 1992 employment in farm and farm-related jobs:	24.7	18.0	31.0
Production	8.3	2.4	13.8
Farm inputs	1.8	1.3	2.3
Proc.&mark.	4.0	3.1	4.8
Whol.&retail	10.1	10.7	9.6

FARM CHARACTERISTICS

1992 Census of Agriculture

TOTAL LAND AREA (million acres)	35.8
TOTAL FARMLAND (million acres)	31.3
of total land area	87.7%
CROPLAND (million acres)	27.2
of total farmland	86.8%
Irrigated	0.4%
In pasture	8.1%
In Fed. farm program	2.3%
In Conservation Reserve	4.8%
WOODLAND (million acres)	1.3
of total farmland	4.0%
In pasture	55.6%
PASTURELAND (million acres)	1.5
of total farmland	4.7%
OTHER LAND (million acres)	1.4
of total farmland	4.6%
AVERAGE FARM SIZE (acres)	325.0

Farms by Size

1 to 99 acres	27.4%
100 to 499 acres	51.3%
500 to 999 acres	16.4%
1,000 to 1,999 acres	4.4%
2,000 or more acres	0.5%

Farms by Sales

Less than $50,000	49.8%
$50,000 to $99,999	18.2%
$100,000 to $499,999	29.6%
More than $500,000	2.4%

Tenure of Farmers

Full owner (farms)	43,541
Percent of total	45.1%
Part owner (farms)	34,720
Percent of total	36.0%
Tenant (farms)	18,282
Percent of total	18.9%

Farm Organization

Individuals/family corporations (farms)	85,679
Percent of total	88.8%
Partnerships (farms)	10,028
Percent of total	10.4%
Non-family corporations (farms)	372
Percent of total	0.4%
Others (farms)	464
Percent of total	0.5%

Average Operator Age (yrs.)	50.3
Percent with farming as principal occupation	69.3%

IOWA FACT SHEET

FARM FINANCIAL INDICATORS

Farm Income and Balance Sheet Statement

Year	1993	1994
Number of farms	102,000	101,000
	Million $	
Gross farm income	10,618.4	13,116.1
Gross cash income	12,015.5	11,152.7
Farm marketings	10,389.7	10,084.3
Crops	4,605.7	4,964.4
Livestock	5,784.0	5,119.9
Government payments	1,229.5	732.6
Farm-related income	396.3	335.8
Noncash income	307.8	317.6
Inventory adjustment	(1,704.9)	1,645.8
Total production expenses	9,988.6	10,322.8
NET FARM INCOME	629.9	2,793.3
Gross cash income	12,015.5	11,152.7
Cash expenses	8,861.0	9,173.3
NET CASH INCOME	3,154.5	1,979.4
Farm assets	54,999.8	55,586.7
Real estate	40,376.5	41,005.9
Nonreal estate	14,623.3	14,580.7
Farm debt	10,368.6	10,816.8
Real estate	5,757.5	6,064.6
Nonreal estate	4,611.1	4,752.2
EQUITY	44,631.2	44,769.9
	RATIOS	
Debt/equity	23.2	24.2
Debt/assets	18.9	19.5

Top 5 Agricultural Commodities, 1994

Commodity	Percent of State's Total Receipts	Percent of U.S. Total Value
1. Corn	26.1	17.5
2. Hogs	25.4	28.0
3. Soybean	21.0	15.8
4. Cattle and calves	17.2	4.7
5. Dairy products	4.9	2.5
All Commodities		5.6

Top 5 Agricultural Exports, estimates, 1994

Commodity	Rank Among States	Value
		Mil. dol.
1. Soybeans & prods.	2	776.0
2. Feed grains & prods.	3	761.3
3. Live animals, meat, & prods.	4	367.9
4. Feeds & fodders	5	107.5
5. Hides & skins	5	80.3
Overall	5	2,351.7

Top 5 Counties in Agricultural Sales, 1992

	Percent of State's Total Receipts	Mil. dol.
1. SIOUX	4.18%	422.04
2. PLYMOUTH	2.19%	221.19
3. CARROLL	1.94%	196.00
4. KOSSUTH	1.88%	190.12
5. DUBUQUE	1.83%	184.89
State Total		10,099.79

Data Sources:

- Local Area Unemployment Statistics, county data, Bureau of Labor Statistics.
- Regional Economic Information System, May 1995, Bureau of Economic Analysis, U.S. Department of Commerce.
- 1990 Census of Population, Bureau of the Census, U.S. Department of Commerce.
- Economic Indicators of the Farm Sector: State Financial Summary, Economic Research Service, USDA.
- Foreign Agriculture Trade of the United States (FATUS), March/April 1995, Economic Research Service, USDA.

Contact People:	Tom Carlin	Tim Parker
Phone Number:	202-219-0520	202-219-0541
E-Mail Address:	TCarlin@ECON.AG.GOV	TParker@ECON.AG.GOV

For Electronic File of data, send e-mail to: LISTSERV@ERS.BITNET

In the body of the note, type this command on a single line: GET IA DATA

Or, if you would like to get our README file, type this command: GET README STATEFAC

Or, to obtain the data from our new world wide web server, point your web browser to: HTTP://WWW.ECON.AG.GOV/

Prepared by:

ECONOMIC RESEARCH SERVICE, USDA, Washington, DC

-170
OEOB

Alison Wilke
6-5663 Barbara Chow

Fax
6-2604
Ph 6-6493

From USDA

* Farmer Mae.

- update on farm bill w/talking pts, ~2 pages Q's and A's

✓ - backgrounders - ~~B~~OCWA - 5

* - 2 pages for speechwriter - focus on Clinton's record.

- Q's and A's for Thursday

Fact Sheet/background on Ag

From WH/OMB

- summary of what Farm Act does ~~speechwriter~~

~~Bkd~~ Info on ~~Alison Perkins - 395-3857~~

Speechwriter

Call

Grain elevator - Barbara Wooley

Barbara Chow 4-8391 (Ph) 4-0291 (Fax)

- ~~Dana Dennis~~

- TJ Glauthier (OMB) - ~~5-3561~~ 5-4861

- ~~NE Capson~~ 246 OEOB (Fax) 5-4941

Dorothy Robyn / Daniel ~~Keith~~

6-2801

Heath OMB staff

5-3645 NEOB

Deadlines Phil Caplan 6-2702

12:00

- Speechwriters by 4:00

- Briefing book by 4:00

John Hilley

Alison Wilke Media Affairs 6-2673

~~Phil~~ Phil - ~~6-5573~~

Chris ~~- gene sperling - called for the price corn~~

* Talk to Jeremy about TH 4:00 Meet w/Pres

THE SECRETARY OF AGRICULTURE
WASHINGTON, D. C. 20250-0100

April 11, 1996

MEMORANDUM FROM SECRETARY GLICKMAN Dan Glickman

SUBJECT: GRAIN MARKET OUTLOOK

Historically tight grain markets are drawing increasing attention. I expect the Cable News Network's "Moneyline" to feature an interview with me tonight, The Washington Post to carry a story very soon, possibly tomorrow, and general, non-farm, non-financial, news services have begun reporting on these trends in recent days. Most reports either outright indicate or imply that, at worse, we face food shortages or, at best, sharply higher food prices – when neither is expected.

Volatility in these markets will continue through the summer, sparked at unfavorable weather developments or each significant change in estimates. For example, this morning we reported that ending wheat stocks for the current crop will be the lowest since 1948, driving wheat prices up sharply. Our report implied continued bullish corn markets but prices were off today, closing at $4.44 per bushel, a new contract high. While conditions are indeed extremely tight, there is no reason for panic and certainly no reason for precipitous government action – a message I have and will continue to stress.

HOW DID WE GET HERE?

Two factors have driven the corn market – where most attention has and will focus: weather and demand, especially export demand. Last year's corn crop was 15% lower than we expected and 27% below the 1994 level, largely because of poor planting conditions last spring and late summer growing conditions. Acreage fell 5 million below our projections and yields dropped 10%. Meanwhile, corn exports have exceeded expectations as has domestic use, including feed and industrial uses, such as ethanol. Finally, poor weather this year is compounding concern about both the 1996 corn and wheat crops.

WHAT ARE WE DOING ABOUT IT?

Some critics have charged that we made a mistake last spring by not relaxing the planting restrictions on corn. The previous secretary announced in the fall of 1994

. . .more

that corn farmers would need to idle 7.5% of their acreage to qualify for farm payments. Last March, I reviewed that decision and based on projections then, and the constraints of the old farm bill, I did not change the decision. At that time, we projected corn stocks roughly 3 times as high as we do today, thus we could not make a determination that a disaster was imminent, a finding necessary to trigger altering the 7.5% requirement.

Since then, as conditions have warranted, we have taken several steps:

- Last spring, we permitted 640,000 acres to leave the Conservation Reserve Program (CRP) early.
- Last summer, we suspended subsidizing wheat and flour exports.
- Last fall, I announced that farmers would have to idle none of their corn acreage to qualify for the 1996 corn program.
- In January, the President approved my recommendation to release 1.5 million tons of wheat from the Food Security Wheat Reserve.
- Also in January, I announced that 8 million acres would be eligible for early release this year from the CRP.
- In March, I allowed farmers to graze CRP acreage in drought-stricken areas.
- One day following the President's signature of the new farm bill, I announced implementation of a provision that will make 21 million acres of land in the CRP eligible for crop production this year.

WHAT TO EXPECT?

Extremely tight corn markets will keep prices high and volatile through the summer. Wheat prices too will experience similar conditions; however, harvest begins within the month in some places, which should begin to moderate prices, provided weather conditions cooperate.

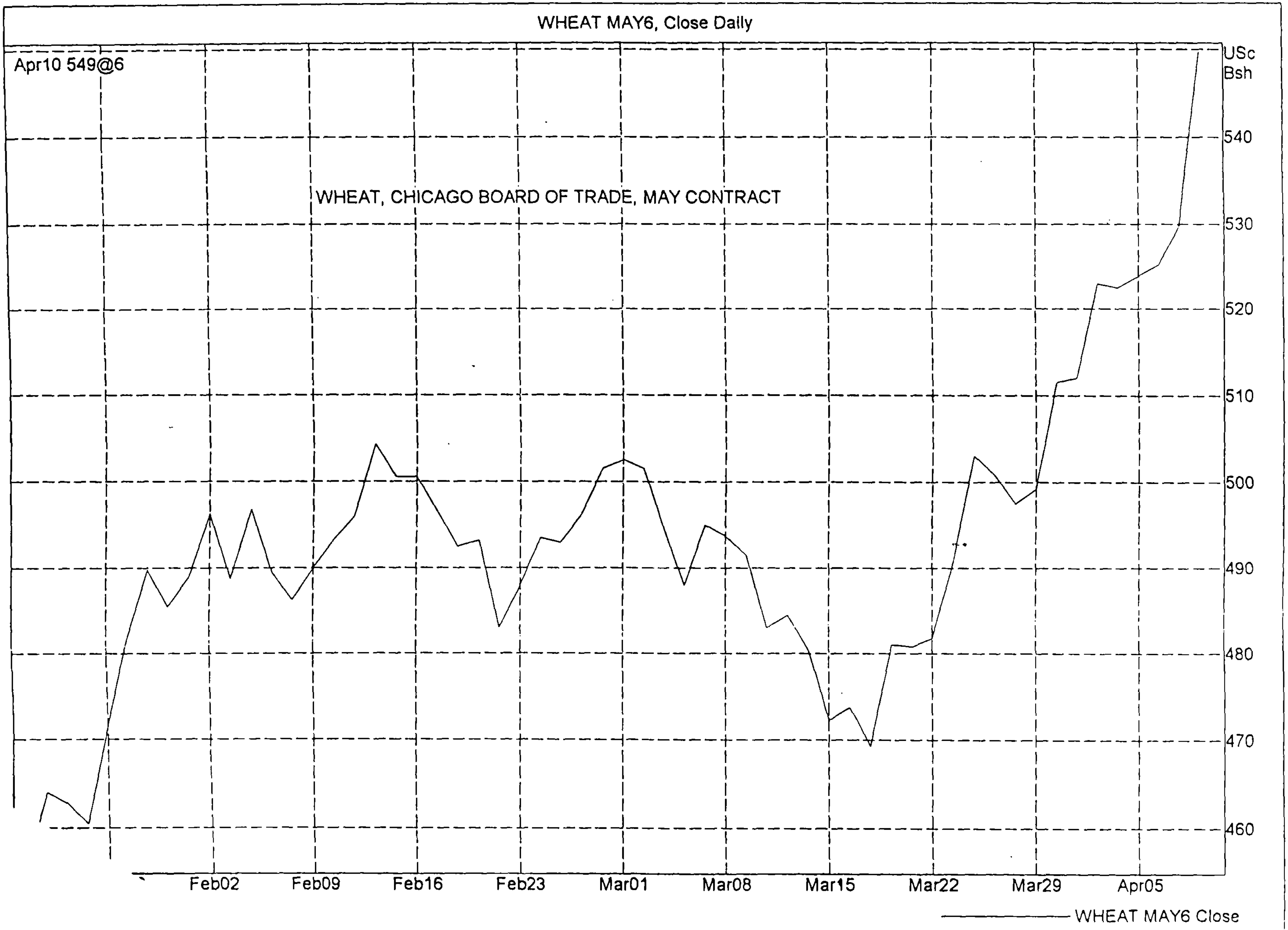
Although we are far ahead of our normal pace for exports for this time in the crop year, some foreign buyers may seek to make additional purchases if they have concerns about further tightening in the year, thus leading to additional pressures on domestic users. Already, some major ethanol producers are cutting production back and signs are beginning to emerge that the livestock sector is adjusting. As producers lowered herds due to rising feed prices, beef production was higher than expected in the first quarter, leading to price declines. Meanwhile, hog and milk producers cut back production, causing higher prices.

Consumers will experience the effects of these trends most immediately and directly in meat prices if feed prices remain high and alternative sources – such as forage, barley, oats, and wheat in some areas – are not available, factors governed by weather, not government.

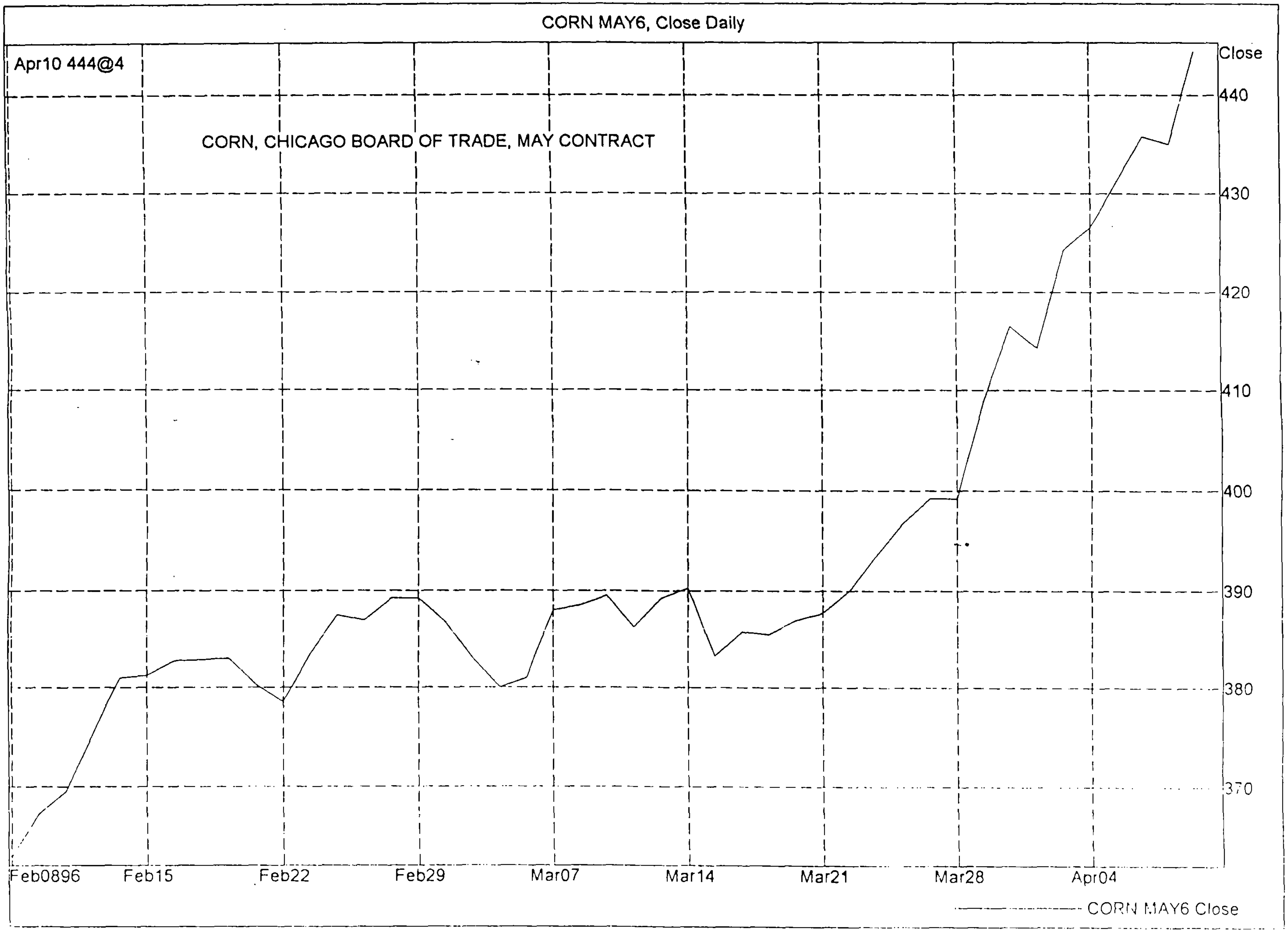
Attached are several charts illustrating these trends.

Reuter Graphics

Washington DC 11Apr96 09:45

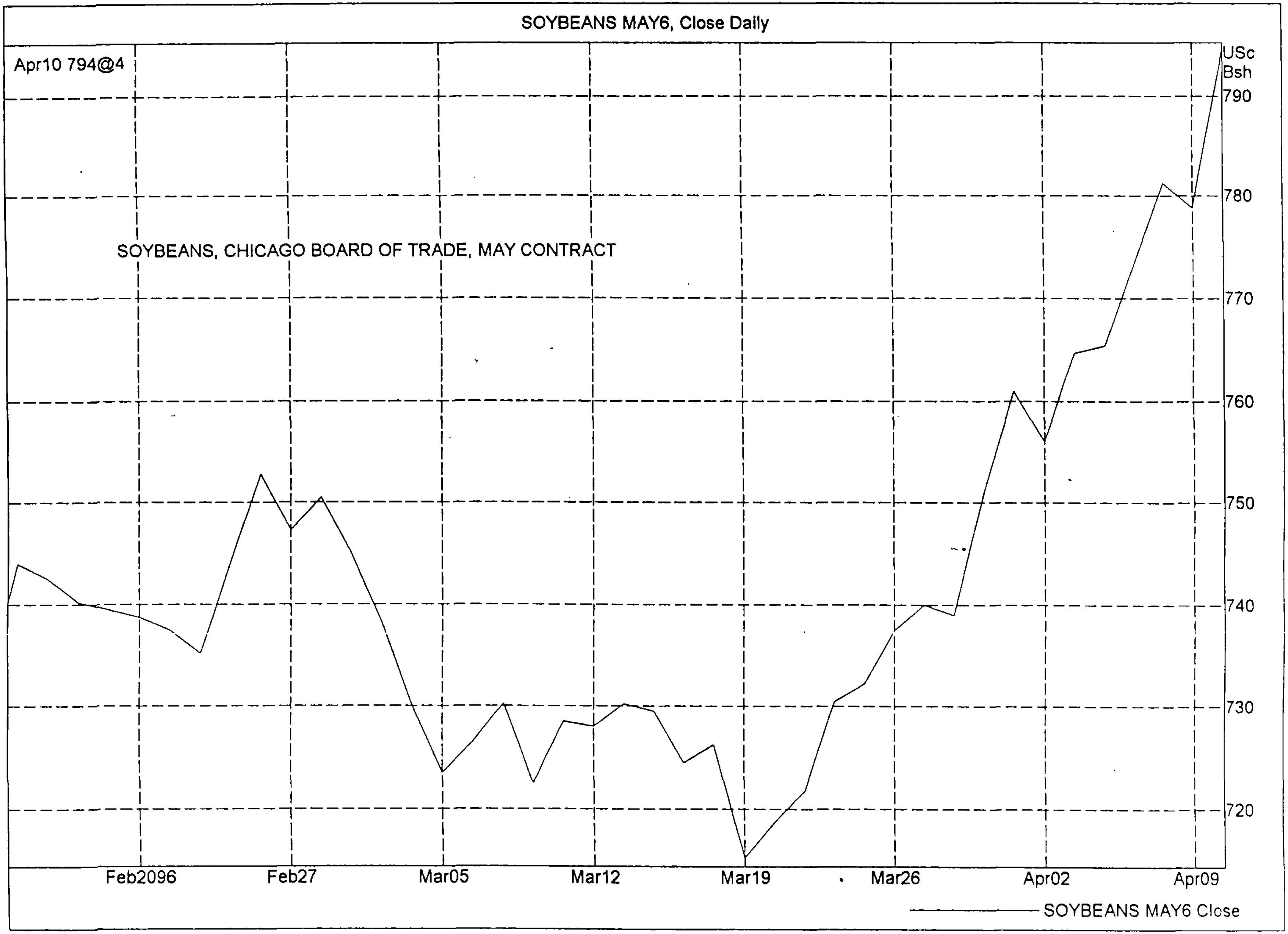


Reuter Graphics Washington DC 11Apr96 09:43



Reuter Graphics

Washington DC 11Apr96 09:42



U.S. Wheat Supply and Demand

	1994/95	1995/96 Forecast	Change Mo Ago	Change Yr Ago
	Mil. Bu.		Percent	
Beginning Stocks	568	507	0	-11
Production	2,321	2,186	0	-6
Imports	92	65	-7	-29
Total Supply	2,981	2,757	0	-8
Food Use	852	870	+1	+2
Seed	89	107	+1	+20
Feed & Residual	345	175	0	-49
Domestic Use	1,287	1,152	+1	-10
Exports	1,188	1,300	+2	+9
Total Use	2,475	2,452	+1	-1
Ending Stocks	507	305	-12	-40
	Percent			
Stocks/Use Ratio	20	12	---	---
	$ Per Bu.			
Avg. Market Price	3.45	4.45-4.50	+1/0	+29/+30
Loan Rate	2.58	2.58	---	---

U.S. Rice Supply and Demand

	1994/95	1995/96 Forecast	Change Mo Ago	Change Yr Ago
	Mil. CWT.		Percent	
Beginning Stocks	25.8	31.4	0	+22
Production	197.8	173.9	0	-12
Total Supply	230.6	212.8	0	-8
Dom. & Res. Use	98.3	104.2	0	+6
Exports	100.9	80.0	-5	-21
Total Use	199.2	184.2	-2	-8
Ending Stocks	31.4	28.6	+16	-9
	Percent			
Stocks/Use Ratio	16	17	—	—
	$ Per CWT.			
Avg. Market Price	6.78	8.70-9.10	+2/-2	+28/+34
Loan Rate	6.50	6.50	—	—

U.S. Corn Supply and Demand

	1994/95	1995/96 Forecast	Change Mo Ago	Change Yr Ago
	Mil. Bu.		Percent	
Beginning Stocks	850	1,558	0	+83
Production	10,103	7,374	0	-27
Total Supply	10,962	8,947	0	-18
Feed & Residual	5,534	4,700	+2	-15
Food, Seed & Ind.	1,693	1,630	-3	-4
Domestic Use	7,227	6,330	+1	-12
Exports	2,177	2,250	0	+3
Total Use	9,405	8,580	+1	-9
Ending Stocks	1,558	367	-11	-76
	Percent			
Stocks/Use Ratio	17	4	---	---
	$ Per Bu.			
Avg. Market Price	2.26	3.10-3.20	2/-2	+37/+42
Loan Rate	1.89	1.89	---	---

CORN TRADE
(April 1996 Changes)

EXPORTS	IMPORTS
(MT)	(MT)
Ukraine - 500,000	Russia - 700,000
	Brazil - 250,000
	Algeria - 200,000
	China - 500,000
	Mexico +1,000,000
	Turkey + 100,000

South Africa -- Production forecast increased 500,000 MT to 10.5 MMT-- additional exports not expected to occur until after the end of U.S. Sept-Aug year.

U.S. Soybean Supply and Demand

	1994/95	1995/96 Forecast	Change Mo Ago	Change Yr Ago
	Mil. Bu.		Percent	
Beginning Stocks	209	335	0	+60
Production	2,517	2,152	0	-15
Total Supply*	2,731	2,492	0	-9
Crush	1,405	1,360	-1	-3
Seed & Res.	153	117	+4	-24
Domestic Use	1,558	1,477	-1	-5
Exports	838	825	+2	-2
Total Use	2,396	2,302	+1	-4
Ending Stocks	335	190	-5	-43
	Percent			
Stocks/Use Ratio	14	8	---	---
	$ Per Bu.			
Avg. Market Price	5.48	6.60-7.00	0/0	+20/+28
Loan Rate	5.02	4.92	---	---

* Includes imports

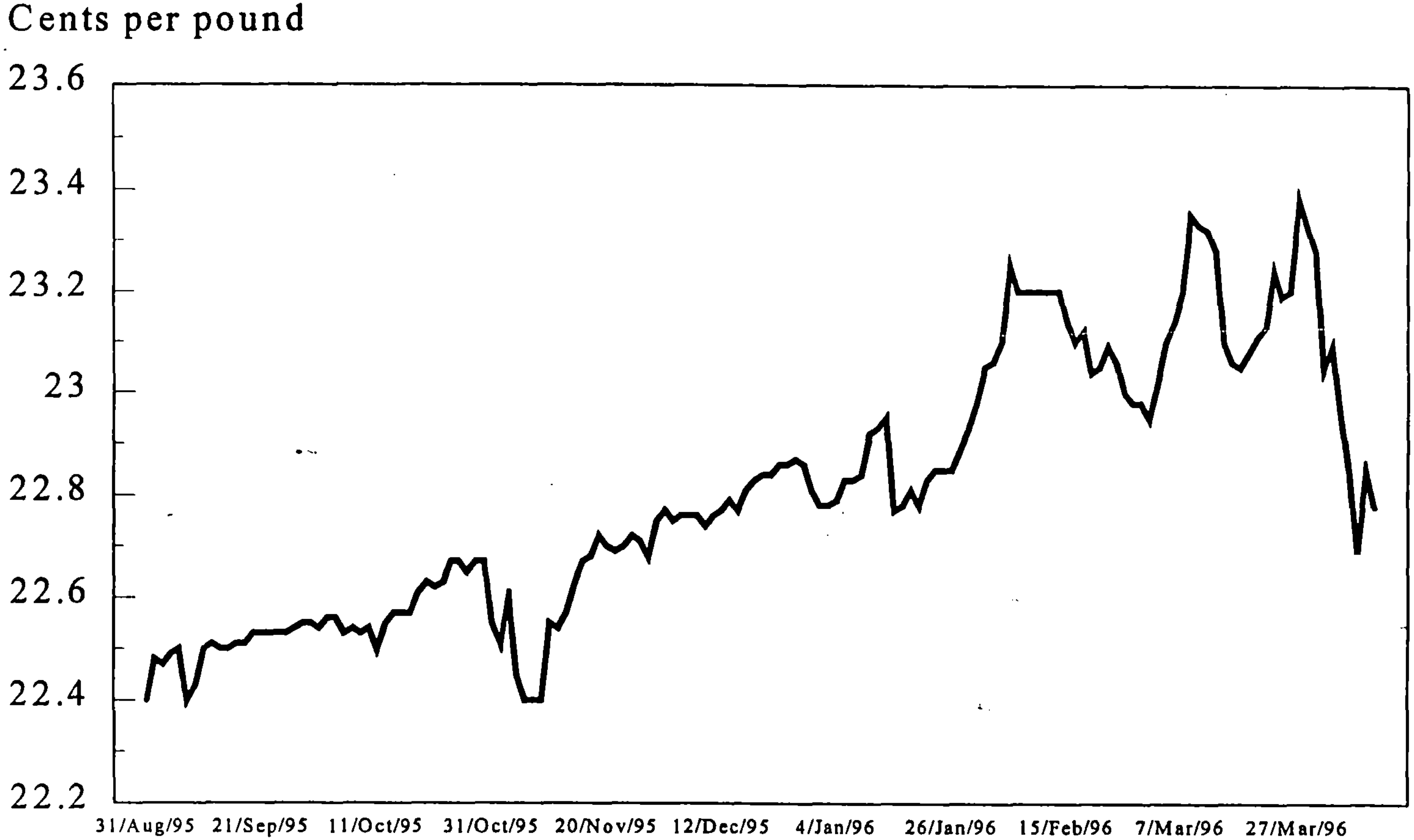
U.S. Cotton Supply and Demand

	1994/95	1995/96 Forecast	% Change Mo Ago	% Change Yr Ago
	Mil. Bales		Percent	
Beginning Stocks	3.5	2.65	0	-25
Production	19.7	17.92	0	-9
Imports	0.02	0.30	+50	+1400
Total Supply	23.2	20.87	0	-10
Mill Use	11.2	10.4	-1	-7
Exports	9.4	7.6	+3	-19
Total Use	20.6	18.0	1	-13
Unaccounted	0.03	-0.03	---	---
Ending Stocks	2.7	2.9	0	+9
	Percent			
Stocks/Use Ratio	13	16	---	---
	Cents / Lb.			
Average Market Price	73.0	77.0	---	---
Loan Rate	50.0	52.0	---	---

U.S. SUGAR SUPPLY & DEMAND (1,000 STRV)

	1994/95	--- 1995/96 ---	
	APR	MAR	APR
Beginning Stocks	1,337	1,233	1,241
Production	7,927	7,500	7,470
Quota Imports	1,564	1,945	2,165
Other Imports	289	745	715
Exports	502	500	420
Domes. Deliveries	9,337	9,520	9,520
Ending Stocks	1,241	1,403	1,651
Stocks-to-Use Ratio	*12.6%*	*14.0%*	*16.6%*

Domestic Raw Sugar, July



U.S. MEAT PRODUCTION AND PRICES

ITEM	1994	1995	CHANGE FROM 1994	1996	CHANGE FROM 1995
PRODUCTION					
	Bil Lbs	Bil Lbs	Pct	Bil Lbs	Pct
BEEF	24.28	25.12	3.4	25.84	2.9
PORK	17.66	17.81	0.9	17.88	0.4
BROILER	23.85	25.02	4.9	26.50	5.9
TURKEY	4.99	5.13	2.7	5.38	4.8
TOTAL MEAT 1/	71.87	74.16	3.2	76.68	3.4
PRICES					
	$/Cwt	$/Cwt	$/Cwt	$/Cwt	$/Cwt
STEER	68.84	66.24	−2.60	63.28	−2.96
HOG	40.03	42.35	2.32	47.05	4.70
BROILER	55.7	56.4	0.7	55.1	−1.3
TURKEY	65.7	66.4	0.7	66.0	−0.4

1/ ALL MEAT INCLUDES VEAL, LAMB & MUTTON, AND MATURE CHICKEN

Apr−96

MILK SUPPLY AND DEMAND

	1993/94	1994/95	CHANGE FROM 1993/94	1995/96	CHANGE FROM 1994/95
	BIL. LBS	BIL. LBS	PCT	BIL. LBS	PCT
PRODUCTION	152.2	155.7	2.3	156.4	0.4
COMMERCIAL USE	149.7	154.0	2.9	156.8	1.8
CCC NET REMOVALS					
MILK FAT BASIS	4.1	2.9	-30.7	0.4	-86.4
SKIM SOLIDS BASIS	3.6	4.9	37.4	2.4	-50.3
			DOLLARS/CWT		
AVG MARKET PRICE 1/					
MANUFACTURING GRADE	11.98	11.50	-0.48	12.40	0.90
ALL MILK	13.08	12.58	-0.50	13.50	0.92

1/ PRICES ARE MID-POINT OF PUBLISHED FORECASTS; MILK OF AVERAGE FAT TEST.

Apr-96

— DRAFT —

Statement by the President on the Senate Farm Bill
February 8, 1996

I want to commend the Senate for moving the Farm Bill forward in actions it took yesterday. While the Senate bill includes some important improvements to the earlier versions of the "Freedom to Farm" bill, I continue to have serious concerns with it.

Farmers need to have a Farm Bill in place now so that they know the conditions they are operating under when they head out into their fields in the coming weeks. They need to have some certainty of what role the Federal government is playing as they make decisions now on what seed to buy and as they talk to bankers to line up credit for the coming year.

However, I am concerned that the bill does not provide as strong a safety net for family farmers as it should. In addition, the fixed payments in the bill would be made without regard to whether crop prices are high or low, or whether farmers are receiving adequate income from the market or not. Through no fault of their own, circumstances will arise, such as when natural disasters strike, when family farmers need a Federal safety net, but they would get no additional payments under this bill. In addition, farmers could receive payments even if they did not grow a crop. While I strongly support increasing farmers' flexibility to farm for the market and not for government payments, I believe you should farm to get a farm payment.

The bill the Senate passed yesterday moves closer to meeting priorities I believe should be addressed in the Farm Bill. For example, as the Administration proposed, it would permit new enrollments in the Conservation Reserve Program and allow permanent easements to be offered through the Wetlands Reserve Program. It includes reauthorizaton for the food and nutrition programs, additional funding for conservation programs, and a new Fund for Rural America to fund rural development and agricultural research programs that would increase economic opportunities for all rural Americans and help diversify the agricultural sector.

Congress and the Administration need to work together in short order to get a bill done. I call on the House to continue where the Senate left off in improving this bill, particularly by improving the farm safety net and doing more for rural development.

Talking Points for the President on the Senate Farm Bill
February 8, 1996

- o <u>Senate passed a Farm Bill</u> yesterday (vote of 64-32). It includes some improvements and needed planting flexibility, but serious concerns remain.

- o <u>Farmers need a Farm Bill now</u>, so that they know the conditions they are operating under. They need certainty of the role of Federal government as they make decisions on what inputs to buy, like seed and fertilizer, and as they line up credit.

- o <u>Concerns with Senate bill</u>:

  - it does not provide a strong enough safety net for family farmers - it pays farmers when they don't need it and doesn't pay them when they do;

  - the bill's fixed payments would be made without regard to market conditions (whether crop prices are high or low);

  - farmers could receive payments even if they did not grow a crop. While we support planting flexibility ("farm for the market"), "I believe you should farm to get a farm payment".

- o <u>Senate bill has some improvements</u>:

  - would permit new enrollments in the Conservation Reserve Program (CRP) and allow permanent easements to be offered through the Wetlands Reserve Program (WRP);

  - includes reauthorizaton for the food and nutrition programs;

  - adds funding for conservation programs;

  - includes a new "Fund for Rural America" to fund rural development and agricultural research programs - benefits all rural Americans/helps diversify the agricultural sector.

- o <u>Congress and the Administration need to work together now</u> to get a bill done. House should continue improvements by strengthening the farm safety net and doing more for rural development.

Fax to: Elizabeth Drye
From: Martha Phipps
Re: Materials for speechwriters
22 pages total

1. Speech drafted for delivery by Secretary Glickman before the National Wheatgrowers Association on February 8. Note: Farm Bill information is out of date.

2. Excerpts from "Understanding Rural America".

3. Fact sheet on Iowa agriculture.

4. Accomplishments piece drafted for end of year talking points.

Possible Farm Bill questions:

1) Congressional Republicans have accused the Clinton Administration of sitting out this farm bill, how do you respond?

2) In your opinion -- what is the latest possible date that we can get a Farm Bill and still implement it this year?

3) What does your Administration want in a Farm Bill?

4) How do you feel about "Freedom to Farm"?

5) Most farm groups and many members of the media have endorsed "Freedom to Farm," if it's good enough for them, why not you?

6) What parts of the Senate/House bills are acceptable and unacceptable?

7) Unless there is compromise on Lugar/Leahy would you veto the bill?

8) The G.O.P and some farm groups are calling the "Fund for Rural America" a slush fund -- is it?

9) The dairy title seems to be getting a great deal of resistance, what's the administrations position?

10) Does the Clinton Administration agree that the dairy program needs to fixed, if so, what needs to be done?

11) Where does the Clinton Adminstration stand on marketing loans?

12) If we don't get a Farm Bill by February 15, Secretary Glickman says he will begin implementing the 49 Act, starting with the rice program, is this good for producers?

13) If we don't get a Farm Bill soon, will you request an extension of current law?

14) We have no budget agreement -- we have no Farm Bill, should the public resign itself to the fact that this administration just can't work with this Congress?

15) This is the first time since the Truman Administration that we have been without a Farm Bill this late in the game, do you blame the Republicans?

16) Factory hog farms are causing big problems in Iowa and across the country, what is your administration doing about it?

17) What is the future of the CRP program?

REMARKS PREPARED FOR SECRETARY DAN GLICKMAN
MEDIA AVAILABILITY
WASHINGTON, DC--DECEMBER 20, 1995

PAST ACCOMPLISHMENTS/FUTURE PRIORITIES

- Under the Clinton Administration, USDA has implemented policies over the past year that have made things better for the American public.

- We've made significant progress in expanding economic opportunities, enhancing the healthful, safe, and affordable U.S. food supply, providing sensible management of our natural resources, and ensuring good government for the American taxpayer.

- We want to build on our successes in the year to come. The future is unclear given the uncertainty over the budget and farm bill. But we must be ready to quickly implement new legislation that may make fundamental changes in our programs.

EXPANDING ECONOMIC OPPORTUNITIES

Trade and Exports

- Exports of U.S. agricultural products hit record levels in 1995 reaching $54.1 billion -- over $10 billion more than when President Clinton took office. 1996 exports are expected to be even greater, reaching $58 billion.

Trade means jobs. U.S. agricultural exports generate more than $100 billion annually in business activity throughout the U.S. economy and provide jobs for nearly a million workers.

- To meet demands of the increasingly international agricultural economy, USDA is increasing its efforts to help market domestic products.

Since 1988, 3 California counties couldn't export peaches and nectarines to New Zealand -- a $45-million market -- because of possible walnut husk fly infestation. After ARS research verified that the walnut husk fly presented a minimal risk of infestation, shipments resumed this year.

- There are non-tariff barriers which need to come down, like those in the vital sanitary area that are keeping our products out. We will continue our efforts to open world markets.

The resolution of sanitary and phytosanitary trade issues led to the first commercial shipment of U.S. apples to Japan.

Rural America

- The Clinton Administration is committed to reinvigorating rural America. We're talking about meeting basic needs for jobs, housing, and clean drinking water.

- The Administration's Water 2000 initiative is bringing safe, affordable drinking water to the more than 400,000 rural homes without running water.

Mildred Grace is an 84-year-old woman who has lived in a small home in Villa Ridge, Illinois, for 50 years. Her only source of water is the rain water that falls on her roof and is channeled into an underground water tank. If there is no rain, she doesn't have water. She pays a local company to deliver clean drinking water. She rations her water carefully -- she doesn't use the dishwasher her kids gave her. Still, it cost her about $80 a month, nearly 30 percent of her income, to have decent water.

Last April, USDA awarded grants and loans to SouthWater, Inc., to expand the water system for Villa Ridge. This will provide clean and affordable drinking water for Mildred Grace.

- We remain committed to making progress on Water 2000 by ensuring that the most needy communities receive assistance.

- The Clinton Administration is committed to helping Americans own their own homes.

In 1995 the Rural Housing Service helped over 90,000 low and moderate income families and individuals to buy or rent housing. It is estimated that 23,000 jobs were created in construction and sale of these homes.

- The Administration has designated 30 rural enterprise communities and 3 rural empowerment zones have signed Memoranda of Understanding allowing federal funds to begin flowing into the communities.

Watsonville, California, developed a plan that won it a designation as an empowerment zone. In community meetings, youth unemployment emerged as a top concern and led to a job training program for youth and an after-school program.

In the Rio Grande Valley, EZ funds will be used to rebuild port facilities. Other funds have been targeted for business development.

- We want to establish an account in the Commodity Credit Corporation to fund high-priority projects in rural areas. The money would be available in good years when funding is not needed for farm subsidies for conservation and environment and research projects critical to keeping us competitive.

- The development of new uses for forest and farm products is another way to increase farm income.

Two ARS scientists (George Fanta and Ken Eskins) have found a way to blend corn and soybeans – the Midwest's 2 main crops -- into a new fat substitute called Fantesk. Fantesk stays together even in microwaving and can be used as a fat substitute in foods traditionally high in fat, without sacrificing flavor. Companies in California and Georgia are already looking at several industrial uses for Fantesk.

HEALTHY, SAFE, AFFORDABLE FOOD SUPPLY

- Meat and poultry inspection remains a top priority for next year. USDA got together this year with industry and consumer groups on its proposal to require all meat and poultry slaughter and processing plants to implement Hazard Analysis and Critical Control Points (HACCP). The proposal will be finalized early in 1996.

- The School Meals Initiative for Healthy Children final rule was published in 1995 and USDA launched an aggressive educational campaign to improve meals served to children in 92,000 schools across the country. We will continue to work in these areas.

- We will also enter the new year with plans to meet the commitment to full funding for WIC. We hope to reach 7.5 million participants by the end of FY 1996.

- The first roundtable on gleaning and food rescue hosted by USDA brought representatives from the public and private sectors together to talk about food rescue for the hungry. Nothing can replace USDA's food and nutrition programs. But by working with the private sector, we can supplement federally funded programs during a time of tight budgets.

Much is already being done. USDA has donated surplus potatoes to the South Plains Food Bank of Lubbock, Texas, which are processed by the Breedlove Dehydration Plant for distribution to the needy. This year, the Department entered into a contract with World Hunger Year to develop a comprehensive database identifying all known organizations providing hunger and poverty related services, particularly those organizations supporting food recovery efforts. And USDA cafeterias have been donating prepared and perishable foods to the D.C. Central Kitchen, a nonprofit organization that feeds the needy, since 1992.

- USDA focused attention this year on the trend toward less competition in the marketplace.

Today, 4 companies control 82 percent of the beef industry. In many parts of the country, a cattle, hog or chicken producer may be locked into one market for his product without any competitive choice.

- We will continue to focus attention on concentration issues and will act to stop this lack of competition where it affects agriculture.

GOOD GOVERNMENT

- President Clinton's reorganization of USDA will save taxpayers time and money -- $4.1 billion by 1999. It will also cut paperwork, red tape and regulations.

We will cut or improve over 80 percent of the regulations we have on the books. We have eliminated more than 1700 pages and rewritten more than 1300 pages of federal code. In 1996, we plan to eliminate over 1500 pages and rewrite over 450.

USDA is working with the National Performance Review (NPR) on a pilot project to change government listings in the blue pages of public telephone directories. This may seem like a small thing, but making it easier to find us in the first place is certainly more customer friendly.

- This Administration has taken the most aggressive anti-fraud stand in the history of the food stamp program. Fighting fraud and reforming the program remain top priorities for 1996.

USDA launched a plan to aggressively fight food stamp fraud, including a 13-point anti-fraud legislative proposal and administrative actions such as Operation Checkout to remove unauthorized stores from the program through ongoing retailer "sweeps" in cities across the nation. More than 1400 stores across the country have been removed so far.

- Farmers participated in record numbers in risk management efforts under the new crop insurance program with nearly 80 percent of farm program acreage covered by either private crop insurance or the basic, catastrophic plan. A total of 2.5 million individual policies were in place for the 1995 crop, up from about 800,000 a year earlier. This year we paid over $1.5 billion to producers with significant crop losses.

- We recognized there were some glitches in our crop insurance reform, and over the last year we have introduced a number of changes to make the program more responsive and we will continue to do so.

SENSIBLE MANAGEMENT OF NATURAL RESOURCES

- In 1995, USDA completed the most successful soil erosion reduction program in the nation's history. More than two-thirds of the nation's most highly erodible land is now protected from excessive erosion. Annual erosion savings now exceed 1 billion tons a year.

ARS scientists came up with a 3-year crop rotation plan to help control soil erosion, crops diseases and weeds while maximizing profits and reducing risk.

Russ Zenner, who farms 2500 acres near Genesee, Idaho, converted 60 percent of his farm to that conservation tillage plan.

He reports that his winter wheat yields in the rotation system were at least as good, or better than, what he gets in other rotation systems on his farm.

His pea and lentil yields have improved, and he's actually surpassed the requirements for residue compliance on his farm.

- The most recent sign-up in the Conservation Reserve Program was directed toward enrolling only the most environmentally-sensitive land in the program. The popularity of the program was demonstrated when, in the 13th sign-up in September of 1995, more than two-and-one-half times as many acres were bid than could be accepted under the current rules.

- In a meeting with representatives of the Quincy Library Group in mid-November, USDA pledged a $4.7 million funding package to improve forest health and reduce fire risk on national forest lands in the QLG area. The pledge is in addition to the funding the forests anticipate receiving for these activities in FY '96. This community-based organization is concerned with the health and fire hazards of their surrounding national forests, and serves as an excellent example of a local community working with the Forest Service in making decisions about resource management and expanding economic opportunities.

REMARKS PREPARED FOR SECRETARY DAN GLICKMAN
NATIONAL ASSOCIATION OF WHEAT GROWERS
ANNUAL CONVENTION
RENO, NEVADA -- FEBRUARY 8, 1996
WHEAT.FIN

INTRODUCTION

I was in Reno exactly a month ago to talk to the American Farm Bureau Federation about the new farm bill -- the same topic Ross Hansen asked me to talk about today.

When those invitations to speak went out last fall, everyone assumed we'd *have* a farm bill by now. I certainly assumed that.

We have never gone this late with no new farm legislation. As a member of Congress for 18 years, I helped write the last 4 farm bills, and I certainly never experienced anything like this -- either the timing or the partisanship.

I can only explain it by saying that the debate has gone beyond if we should *change* farm programs. The debate is about if we should *keep* farm programs.

WHY KEEP FARM PROGRAMS?

There's a simple reason we need a federal program: security. I'd go as far as to say national security.

The Congressional proposal may look good in the short term. But we can't afford to be shortsighted.

We now have in place a system that provides the highest-quality and lowest-cost food and fiber in the world.

Farm programs, for all their faults, give producers confidence that they will not have to bear the burdens of the risks inherent in agriculture alone.

Anyone who looks at the history of farming in this country can see we've had good times and we've had bad times. We've had booms and we've had busts. I don't think the American farmer or the American consumer or, in the end, the American taxpayer benefits by a system that strains every farmer's ability to survive.

Will Rogers once said, "I don't know opera, but I know common sense when I see it."

THE LONG TERM

Right now, we are all focused on the events of the day. They're pretty important events for agriculture as, finally, the House and Senate get down to real debate on a farm bill.

But if there is one thing that distinguishes agriculture from other sectors of the economy, it is that to succeed you have to keep your eye on the long term.

You all know that when you think about buying new equipment, land, or changing your operations. You don't make those decisions for just a year or two.

I am concerned that too often we make farm policy -- policy that provides part of the foundation for the agriculture economy -- without our eye on the long term.

UNPREDICTABILITY OF FARMING

As you all know far better than I, farming is an unpredictable business. This winter's bitter cold reminded most Americans of a truth farmers have always known: you can't control the weather.

The hard red winter wheat acreage has had a tough year. The fall was too dry, winds have been harsh and snow cover limited. Earlier this week we had a deep freeze and the prospect of winterkill.

If this wasn't enough of the unexpected, we've added another uncertainty to farming: government support.

Winter wheat farmers couldn't wait for an Act of Congress to put their crop in the ground. So, in response to higher market prices, the fall planted winter wheat acreage was the highest in 5 years -- up 7 percent. I commend you for expanding acreage in the face of so much uncertainty.

Over the next several weeks, rice, feed grains, and spring wheat farmers will face the same situation. They need to know -- and their bankers need to know -- what the programs will be for this year.

'49 ACT

I have already announced that I would not require an acreage reduction requirement for wheat and feed grains.

I expect Congress to affirm those announcements when it enacts new farm legislation. Until it does, I have to carry out the law as it is.

I will announce my intentions for a rice program for 1996 crops on or about February 15. The 1949 Agricultural Adjustment Act -- the permanent law that we operate under in the absence of a farm bill -- has no provision for rice. However, the Commodity Credit Corporation Charter Act gives me broad discretionary authority to carry out a rice program, and I intend to do so.

The 1949 Act requires me to announce national and individual allotments and price supports for the 1996 wheat crop. I have instructed Farm Service Agency officials to prepare those materials so I can announce those provisions by the middle of March.

I will make a similar announcement for feed grains at the same time.

The '49 Act requires that farm allotments be based on individual farm growing histories from the 1950s. You must have an allotment to be eligible for price support. If you are now growing wheat or feed grains and your farm did not produce any in the '50s or if you are growing more, you may be directly affected by this decision.

The '49 Act also requires using parity to determine the price support rate. Our initial reviews of the formula, based on current market conditions, suggest that the price support for wheat could be about $7.82 per bushel, 90 percent of the wheat parity price.

We are prepared to meet this schedule. The '49 Act is the law of the land, and I am bound to carry it. I want to emphasize that I do not prefer this course of action. The 1949 Act is archaic, inconsistent, and ill suited for the agriculture of the modern era. It could be disruptive to markets and will cost many billions of dollars more than current programs would cost.

But we all should be aware of the consequences of Congress' failure to act in a responsible manner. We should remember that the House went home for 3 weeks without deciding on a farm bill.

CONGRESS AND THE FARM BILL

My desire is to work things out. The President did not pick me to pursue a specific ideological agenda when I came to agriculture but to do our best for the future.

And that means I have to keep my eye on the long term.

Farm legislation favored by Congress does not keep its eye on the long term.

The legislation locks in farm program spending for producers in a way that is guaranteed to become a problem: No matter what the need in agriculture, no matter what other demands are on the Treasury, recipients are still guaranteed a federal payment. That is tough to defend at a time when we are balancing the budget and cutting school lunches, student loans and NASA.

Once again, I know common sense when I see it.

Farmers have a lot of common sense. *You all* have common sense. This legislation looks good and feels good. But you know it's not good for you. You can eat a lot of junk food when you're hungry and feel full. But you're not really getting a nutritional meal. You'll pay later.

Prices are great right now. Last month, we estimated that the average price for a bushel of wheat received by a Kansas farmer was $4.95 -- the highest it's been in 22 years.

Under current law, when prices are that strong, that farmer would not get a government farm-subsidy payment on eligible production. Under the so-called "market transition" legislation passed by the House Agriculture Committee, even at such prices, that farmer would get a check from Uncle Sam for an additional 90-95 cents per bushel on eligible production.

That's not reform. That's a windfall.

We want all farmers to do well. But we don't think payments should go to farmers who don't need them.

We don't know what the future holds. Prices are high now and trade is booming, but conditions can change fast. We've seen it before, and we'll see it again. To think otherwise is to ignore the long-term reality for the short-term fix.

We shouldn't have a farm bill that pulls the crucial safety net out from under farmers, especially when it's inevitable that farm prices will ultimately fall.

We would like to see the fixed payment plan altered. When times are tough, when prices are low—when farmers have to bear the most risk—government should continue to shoulder part of that risk.

We do understand that some farmers have not participated in higher farm prices because of low yield and little production; that is why we provided for a 3-year deferral of repayment of advanced deficiency payments made to farmers, interest waivers and is also why we need to provide an adequate and realistic crop insurance program for producers.

The Congressional farm bill also undoes the crop insurance reforms that Congress enacted, just one year ago, in a bipartisan fashion with widespread support. I will be the first to admit that we have had some tough times getting the program implemented. But junking the reforms without any real experience with them is no safety net.

Instead, we have proposed reforms that would eliminate the linkage requirement for farmers with minimal loss exposure, cutting down on the paperwork burden many of you faced last year. This would strengthen the safety net.

GROWTH OF TRADE

The long term.

I just returned from my second trade mission to Asia -- our largest and fastest-growing market. Europe once played that role, but growth in that market has leveled. The action for American agriculture today and for the future is along the Pacific Rim and the developing economies of Asia.

I went to China on this trip and saw with my own eyes what I knew to be true. China is becoming an extremely important customer for a number of U.S. commodities -- particularly wheat and corn. Last week we sold 2.1 million tons of wheat to the Chinese. We expect them to buy nearly 4 million tons of wheat this marketing year.

After my trip, I was discussing the outlook for exports with staff of our Foreign Agriculture Service. They pointed out a dramatic fact: high-value, consumer-ready, and semiprocessed agriculture products are the fastest growing segments of the total agriculture export picture.

None of this may come as a surprise to you. But many of us are so involved in the day-to-day dealings with these trends that we rarely stop to think about their long-term implications. This is especially important as we are writing new farm legislation.

FUND FOR RURAL AMERICA

It is for these reasons that I have been pushing the creation of a Fund for Rural America, and why I believe it is a must for the new farm bill.

American agriculture is the powerhouse it is because of the investments we have made to make sure that we are competitive.

Our research dollars have produced the most efficient, economical, productive farming techniques. Our conservation dollars have preserved the productive capacity of our farms. Our rural development dollars have maintained the basic infrastructure needed in our rural towns.

I strongly believe that we must keep investing in these objectives. If we do less, we risk eroding the advantage that we have won over these years.

As agriculture continues to move away from restrictive government programs to more market-oriented ones -- a goal toward which, I think, all sides agree we should move -- what government does outside the traditional commodity programs will become increasingly important.

Investment in infrastructure -- research, conservation, rural development -- helps the transition to a more market-oriented agriculture because it will ensure that farmers have the solid foundation they need to prosper and compete in the world.

RURAL AMERICA

There is another lesson we need to learn from our 60 years with commodity programs. And it's another reason for keeping an eye on the long term.

Billions of dollars have been invested through payments to farmers, but still too many of our rural towns are dead or dying. And as that happens, economic opportunity for you, your children and your grandchildren dies too.

When most rural Americans lived on the farm, commodity programs did wonders for rural development. Rural America no longer looks that good.

The President will sign the telecommunications bill, which may be one of the most significant pieces of legislation this Congress will pass. It will break down barriers to the spread of the information and enable a fundamental transformation of our economy.

This is great news for small businesses and entrepreneurs, local governments -- just about everyone who relies on advanced information and communications technology.

All you need is access.

I have no doubt that people in Chicago, New York, or Washington, will be able to take immediate advantage of this change. They have the infrastructure -- the facilities, lines, and equipment -- to get on the information superhighway tomorrow.

But I'm not so sure about the people in Chapman, Kansas. Chapman is a small town in east central Kansas, and the only highway it is near is interstate 70. But the people there have the same dreams for their children and grandchildren as the people who live in suburban Los Angeles have for theirs. And the people in Chapman can achieve great things -- one went on to become an astronaut -- provided they can take advantage of the advancements in the rest of the economy.

That is another reason why the Fund for Rural America is critical -- to bring the changes that are sweeping through the economy to every part of the country.

CONCLUSION

The Congress that will write the next farm bill is, like the society it represents, more urban and suburban than ever.

The men and women who will make agriculture policy for the rest of this century generally don't have a rural or farm orientation.

So we need to emphasize—over and over—to Congress and to the public—the connection between economically healthy farms and a safe, abundant food supply, and the Nation's overall economic health.

There has been a lot of partisan bickering over farm programs in recent months. This is new. Historically, agriculture policy has been non-partisan. I'd like to see us get back to making decisions based on what's the best policy, not the best politics.

We don't have a Democratic or Republican economy. We have an *American* economy, and an American *farm* economy. We need to get back to the fundamentals: how to spend money effectively, how to protect and support farm income and how to keep up demand for U.S. commodities.

A recent poll shows that the baby boom generation is the first in American history to think that their children will not do as well as they did. This is a profound and disturbing finding. The essence of what it means to be American is hope and confidence in a better future. That's the American dream.

There is no other legislation Congress enacts that deals directly with rural America other than the farm bill. That is why this farm bill must do more than just deal with commodity programs. It must take care of the needs of rural America. It must keep our farmers competitive but it must also bring economic opportunity to our rural towns and hope and confidence to everyone who lives in them.

Every American, in big cities or small towns, has a right to the American dream.

#

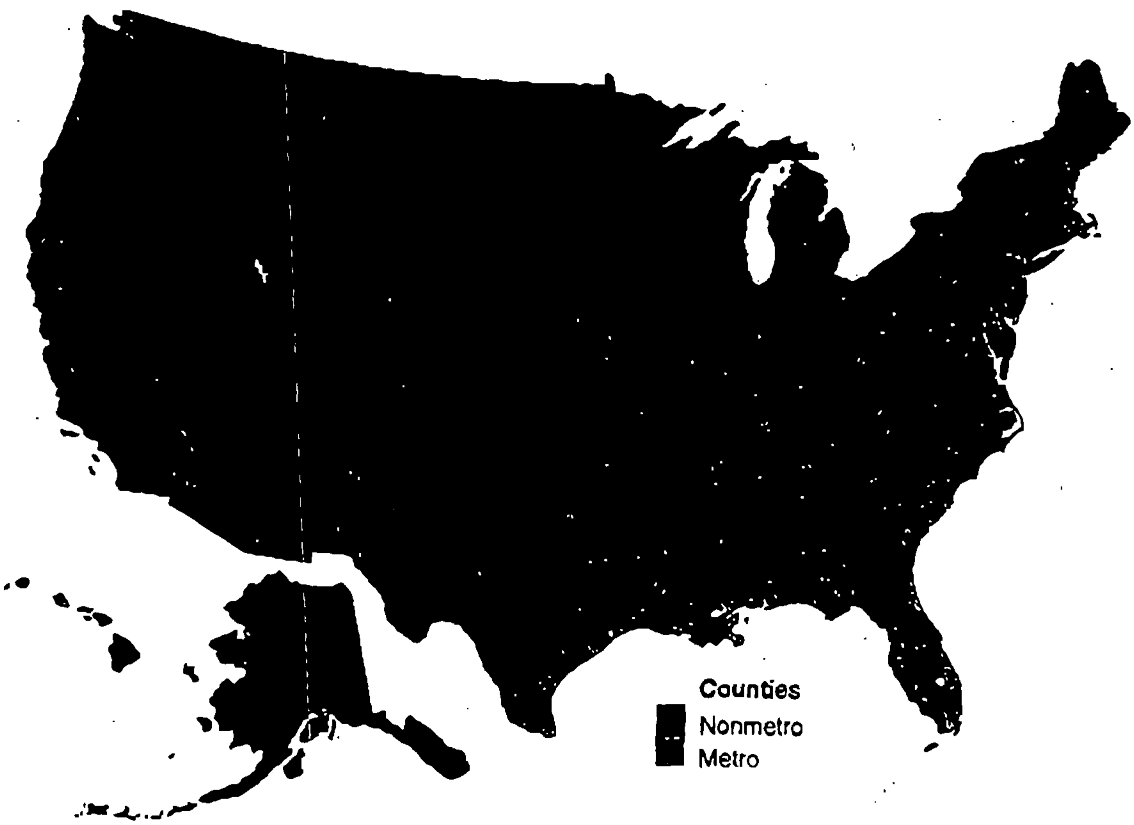
Rural America

A VITAL and CHANGING part of the Nation.

Rural America has been and continues to be a vital part of the Nation. Today, rural America comprises 2,288 counties.[1] It contains 83 percent of the Nation's land and is home to 21 percent (51 million) of its people. In 1992, nonmetro counties supplied 18 percent of the Nation's jobs and generated 14 percent of its earnings. Rural people and communities today are engaged in and depend upon a wide range of economic activities—from manufacturing to mining, from recreational services to agriculture and everything in between. Yet, rural residents are likely to have many of their needs—shopping, medical care, banking—at least partially met by providers in urban areas. This picture of rural America is very different from what it once was.

At the beginning of the 20th century, rural America was the center of American life. It was home to most of the population and was the source of food and fiber for the Nation's sustenance and commerce. And most of its people were involved in producing that

In 1993, nonmetro America accounted for 83 percent of the Nation's land and 21 percent of its population.



food and fiber. The typical rural community in 1900 consisted of a small town or village with numerous small farms within a few miles. Most people lived their lives and fulfilled most of their needs, economic and otherwise, within this community. They had little contact with areas beyond the community.

Rural America has changed in many ways over the century. The rural economy in particular has changed—shifting from a dependence on farming, forestry, and mining to a striking diversity of economic activity. Another significant change has been in the connection between rural areas and cities. Improvements in communication and transportation between the two have reduced rural isolation and removed many of the cultural differences between them. Television, phone service, and transportation systems have helped bring rural and urban dwellers much closer together in terms of culture, information, and lifestyles.

As these changes took place, rural America became home to a smaller and smaller share of the Nation's population. And while it continues to provide most of the Nation's food and fiber, rural America has taken on additional roles, providing labor for industry, land for urban and suburban expansion, sites for storage of waste and hazardous activities, and natural settings for recreation and enjoyment.

And the changes in rural America continue. Following is an examination of some of these key changes. ■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USDA


USDA

Rural Employment

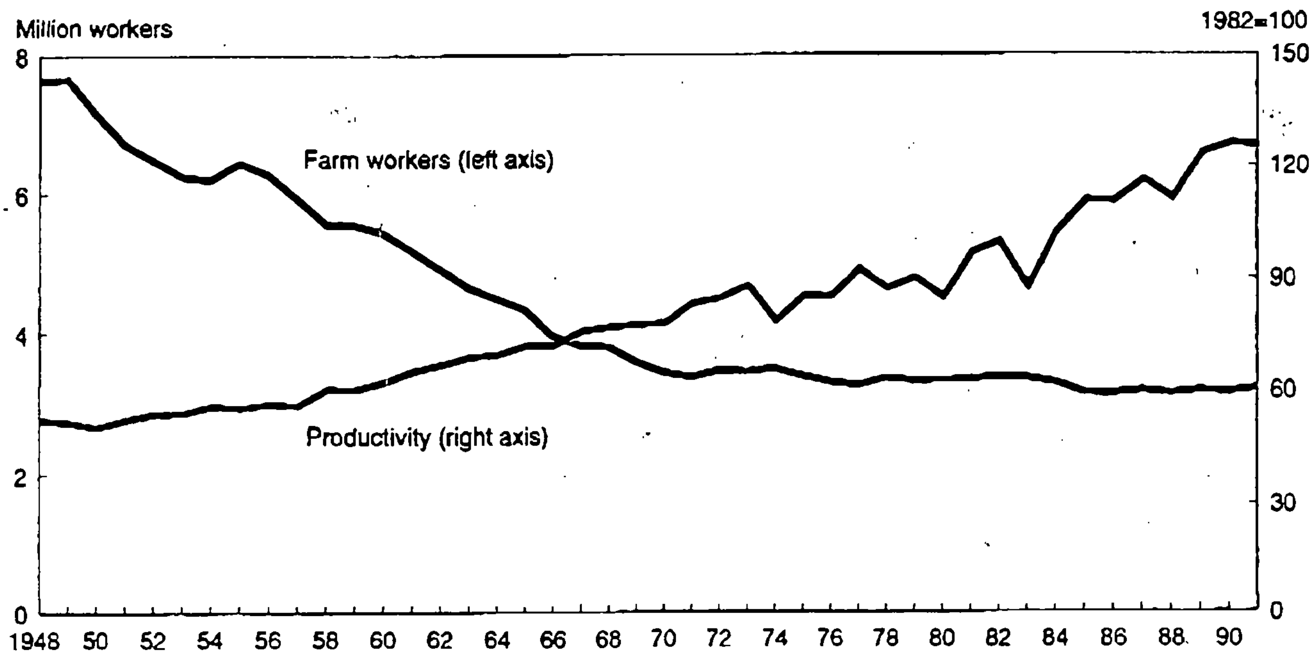
Shifting from farming to manufacturing and services.

In the not too distant past, farming was nearly synonymous with "rural." That is no longer the case. While farming remains important as a source of jobs and income in many rural areas and is the largest single user of rural land, it is no longer the dominant rural industry it once was, nor will it likely be again.

In the last four decades, farming employment dropped from just under 8 million ~~to a~~ little over 3 million. The number of farms has gone from 5.8 million to 2.1 million. In the last 20 years, the percentage of the rural workforce employed in farming has gone from 14.4 percent to 7.6 percent. Even by including agricultural services, forestry, and fishing, the share has gone from only 15.3 percent to 8.5 percent.

Today, only about 5 million people, less than 10 percent of the rural population, live on farms. In addition, in 1990, 58 percent of U.S. farm operator households received wages and salary (averaging nearly $30,000 per reporting household) from off-farm employment. For example, one or more household members might work at a manufacturing plant, telemarketing office, or in retail trade. Therefore, even for the remaining farm households, the nonfarm rural economy is a critical source of employment and income.

Farming's "double-edged sword": Increases in productivity mean fewer workers are needed.



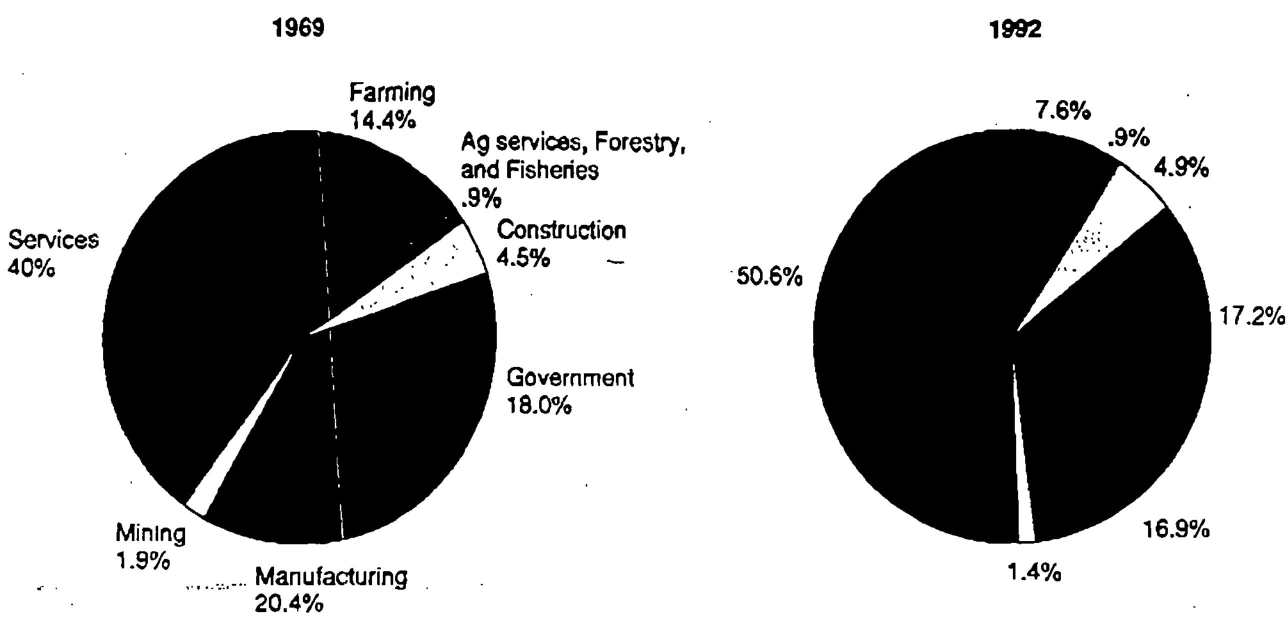
The decline of farming employment is, in many ways, a consequence of success. Improvements in technology, crop science, and farm management have all boosted output while reducing the need for labor. Productivity growth has, in turn, led to farm consolidation, declining farm numbers, decreases in farm employment, and consequently a surplus of farm labor. Thus, the ability to produce more with less, while benefiting many, has caused economic hardship for others.

Today, the largest share of rural jobs and employment growth comes from the services sector, which employs over half of all rural workers. This dominance of the services sector mirrors the urban employment picture. Rural services related to recreation, retirement, and such natural amenities as mountains, lakes, shorelines, etc., have emerged as important new sources of rural employment and growth. Other services—financial, insurance, real estate, as well as retail stores, dry cleaners, restaurants, etc.—are also important. And there is anecdotal evidence that advances in telecommunications are enabling still other types of services—telemarketing, data processing—to move to rural areas.

Manufacturing also is a major provider of both rural jobs and income, providing jobs for nearly 17 percent of the rural workforce and employing more people than farming, agricultural services, forestry, fishing, and mining combined. Manufacturing also provides roughly a quarter of all rural earnings. However, like farming, the share of manufacturing jobs in rural areas has declined. From 1969 to 1992, that share dropped from 20.4 percent to 16.9 percent of rural employment.

Given these changes in the rural economy, and its current structure, the economic future and well-being of most rural people now depend on the availability and quality of jobs in the rural services and manufacturing sectors and the entrepreneurial opportunities in those sectors. ■

Services and manufacturing together employ more than 2 out of 3 rural workers.



IOWA FACT SHEET

FARM FINANCIAL INDICATORS

Call 202-219-1107 for FAX number 45516 As of 14-Dec-95

Farm Income and Balance Sheet Statement

Year	1993	1994
Number of farms	102,000	101,000
	Million $	
Gross farm income	10,618.4	13,116.1
Gross cash income	12,015.5	11,152.7
Farm marketings	10,389.7	10,084.3
Crops	4,605.7	4,964.4
Livestock	5,784.0	5,119.9
Government payments	1,229.5	732.6
Farm-related income	396.3	335.8
Noncash income	307.8	317.6
Inventory adjustment	(1,704.9)	1,645.8
Total production expenses	9,988.6	10,322.8
NET FARM INCOME	629.9	2,793.3
Gross cash income	12,015.5	11,152.7
Cash expenses	8,861.0	9,173.3
NET CASH INCOME	3,154.5	1,979.4
Farm assets	54,999.8	55,586.7
Real estate	40,376.5	41,005.9
Nonreal estate	14,623.3	14,580.7
Farm debt	10,368.6	10,816.8
Real estate	5,757.5	6,064.6
Nonreal estate	4,611.1	4,752.2
EQUITY	44,631.2	44,769.9
	RATIOS	
Debt/equity	23.2	24.2
Debt/assets	18.9	19.5

Top 5 Agricultural Commodities, 1994

Commodity	Percent of State's Total Receipts	Percent of U.S. Total Value
1. Corn	28.1	17.5
2. Hogs	25.4	26.0
3. Soybean	21.0	15.8
4. Cattle and calves	17.2	4.7
5. Dairy products	4.9	2.5
All Commodities		5.6

Top 5 Agricultural Exports, estimates, 1994

Commodity	Rank Among States	Value
		Mil. dol.
1. Soybeans & prods.	2	776.0
2. Feed grains & prods.	3	761.3
3. Live animals, meat, & prods.	4	387.9
4. Feeds & fodders	5	107.5
5. Hides & skins	5	80.3
Overall	5	2,351.7

Top 5 Counties in Agricultural Sales, 1992

	Percent of State's Total Receipts	Mil. dol.
1. SIOUX	4.18%	422.04
2. PLYMOUTH	2.19%	221.19
3. CARROLL	1.94%	196.00
4. KOSSUTH	1.88%	190.12
5. DUBUQUE	1.83%	184.89
State Total		10,099.79

Data Sources:

- Local Area Unemployment Statistics, county data, Bureau of Labor Statistics.
- Regional Economic Information System, May 1995, Bureau of Economic Analysis, U.S. Department of Commerce.
- 1990 Census of Population, Bureau of the Census, U.S. Department of Commerce.
- Economic Indicators of the Farm Sector: State Financial Summary, Economic Research Service, USDA.
- Foreign Agriculture Trade of the United States (FATUS), March/April 1995, Economic Research Service, USDA.

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For Electronic File of data, send e-mail to: LISTSERV@ERS.BITNET

In the body of the note, type this command on a single line: GET IA DATA

Or, if you would like to get our README file, type this command: GET README STATEFAC

Or, to obtain the data from our new world wide web server, point your web browser to: HTTP://WWW.ECON.AG.GOV/

Prepared by:

ECONOMIC RESEARCH SERVICE, USDA, Washington, DC

IOWA FACT SHEET

POPULATION, EMPLOYMENT, AND INCOME

Call 202-219-1107 for FAX number 45516 As of 14-Dec-95

	State	Metro	Nonmetro
Population			
1980	2,913,808	1,198,226	1,715,582
1990	2,776,831	1,199,892	1,576,939
latest (1994)	2,829,252	1,245,728	1,583,524
Per-capita income			
1992	18,148	19,697	16,945
1993	18,275	20,322	16,673
Change	0.7%	3.2%	-1.6%
Earnings per job			
1992	21,308	23,858	18,996
1993	21,083	24,418	18,035
Change	-1.1%	2.3%	-5.1%
Poverty rate			
1980	10.1	8.9	11.0
1990	11.5	11.1	11.8
latest (1992)	11.3	N/A	N/A

	State	Metro	Nonmetro
Total Employment			
1992	1,666,313	792,366	873,947
1993	1,691,607	807,804	883,803
Unemployment Rate			
1993	4.0	3.8	4.2
1994	3.7	3.4	4.0
Percent employment change			
1991-92	2.3	2.8	1.9
1992-93	3.8	4.9	2.8
1993-94	1.3	0.8	1.8
Percent of 1992 employment in farm and farm-related jobs:	24.7	18.0	31.0
Production	8.3	2.4	13.8
Farm inputs	1.8	1.3	2.3
Proc.&mark.	4.0	3.1	4.8
Whol.&retail	10.1	10.7	9.6

FARM CHARACTERISTICS

1992 Census of Agriculture

TOTAL LAND AREA (million acres)	35.8
TOTAL FARMLAND (million acres)	31.3
of total land area	87.7%
CROPLAND (million acres)	27.2
of total farmland	86.8%
Irrigated	0.4%
In pasture	8.1%
In Fed. farm program	2.3%
In Conservation Reserve	4.8%
WOODLAND (million acres)	1.3
of total farmland	4.0%
In pasture	55.6%
PASTURELAND (million acres)	1.5
of total farmland	4.7%
OTHER LAND (million acres)	1.4
of total farmland	4.6%
AVERAGE FARM SIZE (acres)	325.0

Farms by Size	
1 to 99 acres	27.4%
100 to 499 acres	51.3%
500 to 999 acres	16.4%
1,000 to 1,999 acres	4.4%
2,000 or more acres	0.5%

Farms by Sales	
Less than $50,000	49.8%
$50,000 to $99,999	18.2%
$100,000 to $499,999	29.6%
More than $500,000	2.4%

Tenure of Farmers	
Full owner (farms)	43,541
Percent of total	45.1%
Part owner (farms)	34,720
Percent of total	36.0%
Tenant (farms)	18,282
Percent of total	18.9%

Farm Organization	
Individuals/family corporations (farms)	85,679
Percent of total	88.8%
Partnerships (farms)	10,028
Percent of total	10.4%
Non-family corporations (farms)	372
Percent of total	0.4%
Others (farms)	464
Percent of total	0.5%

Average Operator Age (yrs.)	50.3
Percent with farming as principal occupation	69.3%

DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250
(202) 720-3631

FAX TRANSMITTAL

DATE: October 29, 1996

****

SENT TO: Elizabeth, Lakshmi

PHONE #:

FAX #: 456-7028/456-2239

 # OF PAGES SENT:
(excluding cover sheet)

****

FROM: Martha Phipps

PHONE #: 202-720-3631

FAX #: 202-690 2119

****

COMMENTS: see attached

Edit #1: Net farm income is projected to reach of record high of $15 billion in 1996.

Edit #2: Corn and wheat reached record high prices this year. (Prices have gone down and our economist wasn't sure where the $6 billion figure came from so he could make an adjustment.)

Edit #3: We have done a great deal to help cattle growers this year. The Secretary made an announcement of a cattle strategy right after meeting with the President on 4/30/96; since then prices have gone up. See the attached pages from our weekly reports and other documents for greater detail and a sense of the history of our efforts. This is something to be proud of!

****

Iowa Farmer Today **Due: Oct. 28**

OK

Should Congress make any changes in the 1996 Farm Bill and, if so, what should these changes be?

To make farm programs simpler and more flexible, President Clinton fought for and won provisions in this year's Farm Bill that increase planting flexibility. Under his leadership, the USDA made it easier for farmers to participate in federal farm programs and achieved a record level farm program enrollment this year -- 99 percent. ~~In 1996, 334 million acres are planted by~~ planted to ~~principal crops -- an increase of 15 million over last year.~~

Federal Agriculture Improvement and Reform Act (FAIR)

The President, ~~however~~, signed FAIR into law with reservation. He believes the bill fails to provide an adequate safety net for family farmers. The fixed payments in the bill do not adjust to changes in market conditions, leaving farmers and ~~the~~ rural communities ~~in which they live~~ vulnerable to reductions in crop prices or yields. President Clinton is committed to ~~submitting legislation and~~ working with Congress ~~next year~~ to strengthen the safety net for farmers.

before.

The President was also disappointed that Congress rolled ~~back~~ an important reform of the crop insurance program, which had been enacted 18 months. But FAIR does embody a clear commitment to maintain crop insurance as an alternative to costly and unreliable ad hoc crop disaster programs of the past. In this respect, the Clinton Administration strongly supports the development of new "revenue insurance" approaches over the coming years so that the crop insurance safety net can play an increasingly large role in the farm economy. This is a key component of the President's strategy to continue to help farmers manage the risks they face.

OK

Should the Department of Agriculture change its mission and research priorities to direct more funding toward family-size farms and research which supports family-size farms?

President Clinton continues to work to strengthen the overall economic position of our family farmers. There is much encouraging news. Interest rates are low and the U.S. economy remains steady. The value of land and other farm assets continues to rise. Net farm income ~~is projected~~
#1 ~~to increase by as much as \$15 billion this year~~ in 1996 Farmers are also realizing higher prices. From June 1995 until June 1996, farmers received 19 percent more for crops and livestock. Farm cash receipts are expected to approach \$200 billion in 1996, up \$25 billion since 1992. (Corn and
#2 wheat reached record high prices this year, ~~up \$6 billion over 1995 and \$10 billion over 1992.~~)

President Clinton continues to help the average farmer by ensuring that prices are competitive. His Administration has created an advisory committee to investigate the effects of concentration in the meat packing industry on producer prices. The President is already responding to committee recommendations by fighting anti-competitive practices.

to reach record high ... with prices changing I would suggest checking these numbers

continued

The Administration has also proposed estate tax relief to help families transfer their farm to the next generation, working to increase the value of the estate that is eligible for deferred payment of estate taxes and to reduce further the interest rate on the taxes that are paid over time. These changes would reduce a family's need to sell farm assets to pay taxes.

OK

What will you do about ever-rising Social Security costs and how will you make sure there is a Social Security program by the time I retire?

President Clinton believes we have an obligation to our parents and children to protect Social Security for the future. The Clinton Administration has done just that, making Social Security an independent agency, reducing backlogs, and upgrading services. President Clinton has opposed, and will continue to oppose, measures to cut Social Security to reduce the deficit or pay for other spending priorities or tax cuts.

While Social Security is on firm financial footing well into the next century, most experts agree that steps will be needed to address its long-term financing and demographic changes. We should address these long-term issues the same way we have done in the past; through serious, bipartisan efforts that put politics asides and allow all parties to focus on the steps needed to secure the long-term solvency and maintain the existing broad national support for the Social Security program.

Any discussion of specific proposals should take place in the least political context possible where elements are judged in the context of overall bipartisan plans to secure Social Security. But any overall bipartisan plan will have to ensure that Social Security's financing is sound and prudent, and that Social Security continues to provide the same true security it has provided millions of Americans for decades.

#3

We have trouble selling our cattle. What should the federal government do to deal with market access for livestock producers?

Among the most important agricultural policy accomplishments of the Clinton Administration have been those actions taken to meet the needs of cattlemen, who form the largest segment of the U.S. agricultural economy. President Clinton is particularly proud of the unprecedented increases in agricultural exports that have occurred. Successful negotiations of both NAFTA and GATT made it possible for agricultural exports to reach a record $55.8 billion in 1995. In 1996, exports are expected to reach $60 billion. The Administration's export opportunities have produced new and stronger markets for beef producers.

President Clinton will continue to use all of the tools at his disposal to continue the growth of American agricultural exports and to ensure that international trade provisions are based on sound science. His Administration is challenging the European Union's restriction on U.S.-produced beef, taking the strongest action possible by filing a complaint with the World Trade Organization to overturn the hormone ban so that U.S. beef producers will be able to export their full quota of beef to Europe. President Clinton will continue to fight for a positive resolution of

continued

that dispute in a way that will set a more level playing field for U.S. beef producers.

What do you want your legacy as president to be?

Four years ago, President Clinton ran for the presidency with three major goals for our country: to make the American Dream a reality once again for every American; to ensure that the U.S. remains the strongest force for peace and freedom in the world; and to restore our sense of community -- the responsibility we have to each other and to ourselves.

Together we are beginning to meet these goals, with a strategy rooted in the most profoundly American values: offering opportunity to all; demanding responsibility from all; and coming together as a community, across lines that too often divide us.

The President is committed to working with all Americans, to meet our challenges and protect our values, to build a bridge to the 21st century that gives all Americans the chance to make the most of their lives and seize all the opportunities our new strong economy. President Clinton believes we must build a bridge that helps parents raise their children, helps young people and adults get the education and training they need, makes our streets safer, helps Americans succeed at home and at work; breaks the cycle of poverty and dependence, protects our environment for generations to come, and maintain's America's leadership as beacon of peace and freedom.

The President is committed to building a bridge to the next generation that is wide enough and strong enough for every American to cross.

May 2, 1996

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY DAN GLICKMAN
SUBJECT: Report for Week of April 29, 1996

I. KEY DEPARTMENT NEWS

Administration Moves To Help Cattle Producers: Cash prices for slaughter cattle have hit a 10-year low. After a meeting on April 30 with President Clinton and a bipartisan group of lawmakers, Secretary Glickman announced a five-point plan to address the problems affecting the nation's cattle industry. These steps are designed to help relieve pressures to the industry and assist in ensuring a stable, affordable supply of beef for American consumers.

The plan includes: permission for producers to graze cattle and soon cut hay on certain land enrolled in the Conservation Reserve Program; further use USDA and other federal programs to promote U.S. beef exports; starting USDA's beef purchase program for the 1996-97 school year by immediately purchasing beef; surveying the credit needs of livestock producers and report back to the President any recommendations on the need for leniency; and meeting with livestock producers, industry representatives, and others to monitor the five-point plan. On May 1, Secretary Glickman announced that USDA will provide market support to the nation's beef industry by accelerating its beef purchases for the 1996-97 National School Lunch Program.

U.S. beef exports, however, have increased. Recently released January-February trade data indicate that the volume of U.S. beef exports are up 29 percent from a year ago, with U.S. beef prices key to expanded purchases. Leading the advance was a 37-percent increase in Japanese beef purchases. Sales to top buyers Canada, Korea, and Mexico also rose, but at a more moderate pace. Big increases occurred in shipments to the European Union, the Middle East, Eastern Europe, and Colombia.

In related news, the Committee on Agricultural Concentration in the meat-production industry met on April 29-30 to hear final public comments on concentration issues and began finalizing their report to Secretary Glickman, due on June 7. The issue of concentration continues to be a major concern for the industry.

Conservation Theme Promoted In Colorado: On May 2, Secretary Glickman will be in Denver, CO to conduct conservation events with Governor Romer at Fairview Elementary School, where a $500,000 Urban Resources Partnership grant will be awarded. A Mutual Agreement on conservation issues will also be signed by the Governor and Secretary. The

19 September 1996

USDA Provides Assistance To Cattle Producers: The Administration's plan to help cattle producers is proving successful and is helping South Dakota ranchers.

Cattle prices started falling in November 1995 (average $67.50 per cwt) and hit their lowest point ($53.44 per cwt) on April 29. Since April 29, prices have increased 27 percent to around $69.50 per cwt today -- up 30 percent.

Pursuant to the President's announcement in April, the Administration has taken the following steps to help cattle producers:

-- emergency haying and grazing on certain Conservation Reserve Program acreage;
-- increased purchases of beef for school lunch and other feeding programs;
-- surveying credit needs of livestock producers for a report to the President;
-- about $56 million in loans and guarantees through USDA's emergency loan program;
-- extension of the 1996 Livestock Feed Program; and
-- boosting U.S. exports through USDA export credit programs.

All of these efforts will be monitored through meetings between Administration officials and livestock producers, industry representatives, and other interested parties.

good summary
see attached for
background
&
history

May 9, 1996

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY DAN GLICKMAN
SUBJECT: Report for Week of May 6, 1996

I. KEY DEPARTMENT NEWS

Agricultural Trade Issues To Be Discussed In Austria: On May 8-10, Secretary Glickman will be in Vienna, Austria to meet with European Union (EU) Commissioner of Agriculture Franz Fischler about a number of trade issues, including the world grain supply and outlook situation, progress in establishing equivalence in sanitary measures for animals and animal products, the EU hormone ban, and EU enlargement to the East. The Secretary will also discuss issues related to preparations for the Food and Agriculture Organization World Food Summit that will be held in Rome in November and tour a farm with Commissioner Fischler. On May 10, Secretary Glickman will address the EU's grain trade association annual meeting and participate in a media availability.

USDA Continues With Assistance To Cattle Producers: On May 6, USDA announced details for emergency haying and grazing, following the April 30 White House announcement of measures to assist cattle producers. Secretary Glickman also announced provisions to maintain environmental protection on Conservation Reserve Program (CRP) acres released for the emergency haying or grazing. These steps are designed to provide relief to the cattle industry, which is suffering from low cattle prices, record high feed costs, and scarcity of available hay and forage.

On May 13, the Economic Research Service will release *Cattle and Sheep Situation and Outlook Report*, which will indicate that the beef sector is being pressured in several ways. As the early spring barbecue season begins and slaughter begins to decline, beef prices have not risen seasonally as is usually the case. Fed cattle prices dropped from $62-$63 per cwt in March to the mid-$50s in late April. Fed cattle supplies are likely to decline as feedlot placements, although large, continue well below a year ago. The increasingly uncertain crop and pasture-range conditions for spring and summer are another issue affecting the livestock sector.

Farm Bill Update: On May 1, USDA officials briefed House and Senate Agriculture Committee staff on the Department's efforts to implement the commodities provisions of the 1996 farm bill. Questions focused on the Department's proposed implementation of the bill's planting flexibility provisions and the continued utility of certain acreage reporting requirements. Hill briefings on other farm bill titles are planned for later this month.

May 30, 1996

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY DAN GLICKMAN
SUBJECT: Report for Week of May 27, 1996

I. KEY DEPARTMENT NEWS

Drought Assistance Announced: On May 30, the President directed Secretary Glickman to take action to provide relief for producers suffering from drought. Specifically, small grain producers with federal crop insurance who have suffered major small grain and forage crop losses will be eligible for assistance under both the Noninsured Crop Disaster Assistance Program (NAP) as well as crop insurance. Even though all the acreage is recognized as grain, some producers intended more than one use from a single planting, such as forage for livestock and grain for harvest.

While crop insurance compensates for grain losses, it does not compensate for the forage or grazing values of those crops. To alleviate the extreme hardships the drought has caused, NAP provisions are being extended to cover small grain forage and grazing losses, even though the final intended use is grain. This assistance was made following the Secretary's April visit to the Southern Plains and discussions with Representatives de la Garza, Stenholm, Richardson, and Skeen and Senator Bingaman. USDA released a fact sheet which explains the details of the drought assistance provisions.

USDA Continues To Address Wheat Disease Issue: On May 29, Secretary Glickman held a meeting in Washington, D.C. with state departments of agriculture representatives to discuss current Karnal bunt issues. This wheat disease continues to pose significant problems for wheat producing states. A National Association of State Departments of Agriculture representative attended, along with Alabama, Arizona, California, Idaho, Kansas, Maryland, Minnesota, Missouri, Montana, New Mexico, New York, Ohio, Oklahoma, Utah, Virginia, and Washington officials. USDA's efforts are focused on developing a protocol to move wheat from quarantined areas (it has been tested twice and found not to contain Karnal bunt) to an export port for shipment to countries that will accept it.

Gleaning/Food Rescue Summits To Be Held: The Department is gearing up for the June 13 (Pittsburgh, PA) and June 17 (Detroit, MI) Food Recovery Leadership Summits to focus on USDA's initiative on gleaning and food rescue. Secretary Glickman will attend each event. Summits are also being planned across the country for late June-early July.

7/2/96

USDA Pushes Forward On Increasing U.S. Exports: Secretary Glickman registered a strong protest to South Korean Ambassador Kun Woo Park in a meeting on July 1 regarding the second consecutive year that Korea has failed to fulfill a verbal understanding assuring substantial U.S. participation in its rice imports. After an absence of more than 18 months from the rice export market, China has sold more than 70,000 tons of japonica brown rice to South Korea. China's resumption of rice exports came as a shock to many U.S. rice exporters who expected to land the lion's share of Korea's 1996 minimum access rice purchases.

At the most recent NAFTA Sanitary-Phytosanitary Committee meeting in Ottawa, Mexico indicated that additional work remained to be done before a work plan governing the export of sweet cherries could be completed. With the U.S. cherry export season now underway, continued delays in finalizing an agreement could result in the loss of the entire 1996 Mexican export season. The U.S. industry views Mexico as a promising market for its sweet cherries, with sales reaching up to $15 million annually. USDA continues to work within the NAFTA framework to reach a solution to the cherry restriction.

Livestock/Drought Situation Still On Focus: Using the authority granted by the President's emergency declaration, Secretary Glickman recently announced that USDA will make available $40 million of assistance for the purchase of feed in drought-stricken areas of the country. To generate proceeds for the program, the Department will sell up to 16 million bushels of grain from the 45-million-bushel disaster reserve. Transferring the proceeds rather than the grain to the drought-affected areas -- mostly the Southwest -- was judged the most efficient way to provide assistance to needy livestock producers.

The June 21 *Cattle On Feed* report provides a good representation of the current situation for cattle producers. The report showed the number of cattle on feed (as of June 1) down 11 percent from a year ago. Cattle feeders placed 18 percent fewer cattle in feedlots during April and 22 percent fewer in May than they did the previous year, the result of high feed costs and poor returns to the cattle feeding enterprise. Fed cattle marketings during May were up 5 percent from the previous year. The sharp drop in placements will result in a decline in marketings later this summer.

The June 28 *Grain Stocks* report indicated that feed grain supplies will be extremely tight this summer. This means that cattle feeders will be reluctant to raise their bids for feeder cattle and feeder cattle prices will remain under strong downward pressure. With cattle in feedlot placements expected low this summer, forage supplies will be critical for cow-calf operators. The pressure to liquidate breeding stock will increase if forage supplies are not plentiful, particularly in regions hard hit by dry conditions this year. Further, the June 28 *Hogs and Pigs* report revealed that despite considerable improvement in hog prices, producers intend to reduce output because of the tight grain supplies and high feed costs.

USDA continues to take steps implemented recently by President Clinton to assist farmers and ranchers through this unstable period.

7-25-96

USDA Continues Move To Assist Cattle Industry: Secretary Glickman announced on July 24 that the Department is purchasing about 3.9 million pounds of frozen ground beef worth $3.6 million for distribution to the National School Lunch Program and other federal food assistance programs. The purchase represents the Administration's continued commitment to combating record-low prices for cattle producers. To date, USDA has purchased 26 million pounds of beef worth $23 million.

USDA's Disaster Reserve Assistance Program (DRAP) is being used to help livestock producers who have been hurt by drought, floods, and other disasters. The Department recently sold nearly 6.2 million bushels of disaster reserve feed grain stocks to fund the DRAP. The $22 million in sale proceeds will be used to make cost-share assistance available to Southwest livestock producers who qualify under the DRAP. The DRAP will begin when approval of the affected counties is completed and grain stocks have been sold to fund the program, which is expected to be mid-August.

Poultry Groups Agree On "Fresh" Labeling: The California Poultry Industry Federation and the National Broiler Council recently reached agreement on use of the term "fresh" in labeling raw poultry products and requested that Congress adopt the agreement. Under the terms of the agreement, 26 degrees F (with certain temperature tolerances) would become standard for products labeled "fresh," while 0 degrees F would not have a labeling requirement. USDA adopted a "fresh" labeling rule in 1995, but the 1996 Agriculture Appropriations Act blocked its implementation.

Grain Prices Fall: Weekly cash and futures corn prices plummeted because of beneficial weather over much of the Midwest and an improved crop outlook. Cash corn prices fell from $5.25 per bushel in mid-July to $4.12 on July 22. We are now entering the critical pollination period for Midwest corn, and weather conditions there are considered near-ideal for pollination. Rainy weather the week of July 15 in key U.S. corn states and forecasts for warm, humid, and rainy days ahead led to the general collapse in prices. Also, weekly wheat cash and futures prices dropped because of the improved outlook for increasing corn supplies. On July 22, the Kansas City Hard Red Winter wheat cash price was reported at $5.10 per bushel, the lowest it has been since November 3, 1995, when it was reported at $5.05 per bushel. Declining cash and futures prices for corn have made wheat less attractive as an alternative feed grain.

USDA Announces Grants Program For Community Food Projects: The Cooperative State Research, Education, and Extension Service announced July 24 that $1 million in grants is being made available for community food projects designed to meet food needs of low-income people. The FY96 Community Food Projects competitive grants program is now accepting funding/ project proposals to increase community self-reliance in providing food needs and to promote comprehensive responses to local food, farm, and nutrition issues. The Federal Agriculture Improvement and Reform Act of 1996 established authority for this federal grants program.

8-1-96

August 1, 1996

MEMORANDUM FOR: LEON PANETTA, THE WHITE HOUSE
FROM: SECRETARY DAN GLICKMAN
SUBJECT: Report for Week of July 29, 1996

I. KEY DEPARTMENT NEWS

Secretary Testifies Regarding the Timber Salvage Program: On August 1, Secretary Glickman will testify before the Senate Energy and Natural Resources Subcommittee on Forests and Public Land Management regarding the Forest Service emergency timber salvage program and the recent directive the Secretary issued to the Forest Service clarifying the implementation of the salvage provision of the 1996 Recissions Act.

see "Concentratio sheet

Secretary Announces First Steps To Address Concentration Committee's Recommendations: On July 31, Secretary Glickman announced new voluntary livestock price reporting initiatives that the Clinton Administration will launch immediately to improve competition in livestock markets. The announcement addresses one of the recommendations made last month by the Advisory Committee on Agriculture Concentration. The committee recommendations reflected livestock producer concerns that there is not enough access to information about the market forces affecting livestock prices.

Commitment To Rural Communities: Secretary Glickman announced on July 29 that USDA, the Burger King Corporation, and Restaurant Services Incorporated, are pledging to work together to improve economic and business opportunities in rural areas, including participation in USDA's food rescue efforts. The announcement and a signing of the Memorandum of Understanding was held at USDA headquarters in Washington, and was covered by in-house trade media, and later broadcast by CNN. In, addition, USDA will feature the MOU signing on its regular satellite feed August 1.

Kentucky-Indiana Trip Focuses on Food Safety Reform, Water 2000: On July 26, Secretary Glickman addressed the American Association of Meat Processors in Louisville, KY. The Secretary discussed steps the Administration has made in food safety reform and announced the proposed Food Safety and Inspection Service (FSIS) reorganization to prepare the agency for implementing the new food safety system announced by the President on July 6. Reorganization will modernize and streamline FSIS to better support on-line meat and poultry inspectors and make better use of scare federal dollars. (While in Kentucky, Secretary Glickman met with

CONCENTRATION

There is a great deal of concern in the agricultural community about increased corporate concentration in various aspects of the agricultural sector. Four firms control between 80-90% of the meatpacking market for red meat. Agricultural producers are concerned that this increased concentration results in lower livestock prices by reducing competition in the marketplace and leads to unfair trade practices against small producers.

In February 1996, USDA released a Congressionally-mandated report which analyzed the effect, if any, that increased concentration in the red meat packing industry has on competition and agricultural producers. At the same time, the Secretary established an advisory committee to evaluate the concentration report as well as other issues relative to concentration and vertical integration. In June, the advisory committee presented a report with their findings and recommendations. Based on their recommendations, the Secretary announced 10 actions to accomplish the following objectives:

1. Strengthen the quality, timeliness, and breadth of coverage of market information, especially in forward or downstream markets, such as wholesale and retail markets, and import and export data;

2. Reflect new methods of trade in price reporting, and expand USDA coverage of trade in areas that reflect current marketing practices, such as boxed beef;

3. Expand pricing indicators and make the information both available and understandable to producers, especially the development and use of value-based pricing tools; and

4. Obtain more specific market information form packers and feedlots, in order to provide a more robust market picture.

CONCENTRATION

Meatpacking Concentration --~~The attached memorandum from~~ Secretary Glickman details the ~~Administration's actions to~~ address producer concerns about increased concentration in the ~~meatpacking industry~~. To summarize, the Administration has:

1) Formed an Advisory Committee on Concentration to gather grassroots input for policy actions to take to address producer concerns, which issued a report in early June with over 60 recommendations for action

2) In late July, the Department took the first steps in responding to the Advisory Committee's report

--First steps focused on improving price reporting information to provide producers better information about market developments. The steps should help provide producers the tools they need to compete in today's marketplace.

--Additional action announced was independent review of USDA's enforcement of the Packers and Stockyards Act, which prohibits unfair trade practices and discrimination. The independent review is on-going.

--USDA anticipates announcing further steps in response to the Advisory Committee in the near future, including actions on enforcement, education and credit.

3) The Administration was successful in obtaining an additional $400,000 for Packers and Stockyards enforcement in the FY 97 budget to increase our efforts on concentration. The Administration had requested $1.2 million, but Congress only provided $400,000. Senator Daschle played a key role in obtaining these additional funds.

4) Filed an administrative enforcement action against IBP, the nation's largest meatpacker which is moving its headquarters to South Dakota, alleging that certain preferential pricing practices violate the Packers and Stockyards Act

Mandatory Price Reporting -- Many producers believe that USDA's price reporting, which is currently voluntary, should be mandatory. Legislative action would be required, and Senator Daschle and Congressman Johnson have advocated mandatory price reporting. The Administration has taken the position that it does not object to having discretionary authority to mandate price reporting if the voluntary reporting does not provide sufficient market information to enable producers to compete.

Interstate Shipment of State Inspected Meat and Poultry -- The Concentration Committee recommended that State-inspected meat and poultry plants be allowed to ship interstate to increase competition in the marketplace. There is currently a legislative ban on such shipments, but efforts are underway in this Congress to repeal this ban. The Clinton Administration has taken the position that the new meat and poultry inspection system must be implemented before the ban be lifted in order to make a smooth transition to the new system and avoid raising concerns about consumer confidence in the safety of U.S. meat and poultry. We will work closely with small plants who want to come under Federal inspection and ship interstate.