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Department of Agriculture
Ideas for the President's State of the Union Address

Safety Net

Depressed export markets and natural disasters have placed many of our farmers in the worst financial straits since the farm crisis of the mid-1980's. Agricultural exports for this fiscal year are projected at \$52 billion, down from our \$57 billion in 1997. And market prices for some key commodities are at or below levels of the mid-1980's. Significant temporary relief was provided by the nearly \$6 billion in assistance in the 1999 Emergency Supplemental Appropriations enacted last October. Without this assistance, farm income for 1998 is projected to decline by nearly \$8 billion from 1997 and over \$11 billion for 1996. Longer term opportunities for market expansion will be aided by the funding of IMF and by future trade negotiations. But as this current experience shows we have to do more to provide a safety net for hard times. No farmer who has made wise, prudent decisions should lose their family land to an act of god. We need to provide farmers the risk management tools including crop insurance they need in order to survive and prosper even in bad economic times. The links between natural resources conservation and the safety net should be strengthened. We need to continue to enforce our existing trade agreements and move forward with new ones.

36.11. | The 2000 budget provides for a substantial reform measures in the crop insurance program, so that producers will have more incentive to participate, particularly at coverage levels that will protect them against losses below their costs of production. The reform measures include a boost in premium free catastrophic protection, additional subsidy for farmer purchases of higher levels of insurance coverage, and a continuation of the multi-year disaster coverage that was initiated in the Emergency Supplemental Appropriations as well as comparable non-insured assistance payments for producers of crops for which insurance is not offered. We also need to work on elimination of gaps in the emergency loan program, conduct a general overhaul of program procedures to make them more user friendly and to encourage greater efforts by private insurance companies to develop new products.

Small Family Farms

In the last 20 years the number of farms has fallen from 2.3 million to

2.0 million. Average farm size has increased and markets have consolidated. Farms with gross sales less than \$250,000 account for 95 percent of all farms but account for only 41 percent of gross receipts. But the importance of these farms to agriculture and rural economies is far greater than their share of gross receipts. These farms provide for diversity in ownership, cropping patterns, markets, culture, and tradition.

This Administration is committed to promoting agriculture and family farms. Secretary Glickman appointed the National Commission on Small Farms in July, 1997. The report of the Commission, A Time to Act, was completed January 22, 1998, and included 146 recommendations to improve USDA services to small and beginning farmers. As Secretary Glickman said when the report was released, "This Administration will not stand by and watch hard working family farmers relegated to a footnote in a history book. From promoting farmers markets to fighting concentration in the marketplace, USDA is committed to helping small farms not only survive, but thrive"

USDA recently announced plans to create a Council on Small Farms and a new office at USDA that will deal specifically with small farm issues. The Department has worked with Congress to increase funding for operating and ownership loans and relax restrictions on lending to borrowers with restructured debt. With limited financial reserves and marketing options, small farms are particularly vulnerable to adverse weather and market conditions. The funding authorized for disaster assistance will allow many small farmers to plan for spring planting rather than spring auctions. Changes in crop insurance will help strengthen the safety net for many small farmers. The Department has moved quickly to strengthen its market enforcement capacity and will work within existing authorities to achieve the purposes of the small farm research initiative proposed for fiscal year.

The Commission on Small Farms has commended the Department "for embracing the substance of the report, A Time to Act, for moving swiftly toward implementation of the Commission's recommendations, and for sending a clear signal to America's small farmers of their importance."

Food Safety Initiative

With the bipartisan support for the Food Safety Initiative, we made great progress on improving the safety of the food supply. Consumers require and deserve a food safety strategy that ensures safety from the farm to the table, but also provides for the most effective use of Federal resources. Now

we must strengthen the partnership between Federal, State, and local agencies; continue enhancing surveillance for foodborne diseases and put greater emphasis on the control of foodborne hazards in the pre-harvest phase of the farm-to-table continuum. Only through continued investment can we realize the goal of reducing foodborne illness and ensure consumers have the safest food supply possible. (See attached paper.)

Child Nutrition and Education

A good education and good child care require good nutrition. The Government helps to pay for 26 million nutritious school lunches a day, 13 million provided free to poor kids, and almost 3 million meals a day in child care. However, the schools and child care providers have repeatedly petitioned Congress for a simplified support system. They want to focus more attention on nutritious meals for kids, and less on the almost inevitable paperwork. And now, I am proposing to do just that. Let's consolidate all the different Child Nutrition Programs so we have just two: one for schools, and one for community based child care. The paperwork requirements would be simplified; nutrition requirements and funding levels would be the same. And nutrition education would be an integral part of both meals and curriculum, tailored to every age group. Ultimately this investment pays off, since child care, schools, and nutrition are essential building blocks of a productive society. We need to provide our children the education and skills they will need. And face it, America needs to foster quality child care, improved schools, and quality after school programs so that parents who need to can work without worry.

Welfare to Work - Food Stamp Program

Welfare reform is working, but we can do better. We can increase work incentives. Specifically, we can improve the food stamp program to allow households to keep the car they need to get to a job, to keep more of the income they earn without losing food stamps, and to increase their sophistication to use food resources wisely.

Research and Education

The Agricultural Research, Extension, and Education Reform Act of 1998 was signed by the President on June 23, 1998. At that time the President spoke of the need for "vital investments" in food and agriculture genome research, food safety and technology, human nutrition, and agricultural

biotechnology. The Department's pending budget proposal for research, development, and education proposes to reverse the 13 percent decline in support for these programs in inflation-adjusted dollars since 1992. Moreover, these programs are critical elements in a wide range of Administration priorities that deal with the environment, health, and food safety in addition to the major challenges American farmers face to maintain their competitive advantage in world markets.

Food Quality Protection Act

The pending budget includes funds to respond to the new pesticide risk assessment requirements imposed by the Food Quality Protection Act of 1996 consistent with principles for implementation identified by the Vice President in April 1998: 1) regulatory decisions should be based on the best scientific evidence available, 2) the decision making process should be transparent, 3) there should be reasonable transition periods for producers who will have to make changes in production practices, and 4) USDA and EPA should collaborate and consult with groups representing the interested parties. USDA's role consists primarily of discovery and adoption of new pest control practices and collection and analysis of data needed to conduct the tolerance reassessment process.

Natural Resources Agenda

With 80 percent of the Nation's fresh water sources originating on the national forests, these public lands are in a very real sense the headwaters of America. That is why protecting our healthiest watersheds and restoring those that are degraded heads our Natural Resources Agenda for the Twenty-First Century. We must also foster sustainable forest ecosystem management, improve the availability and quality of outdoor recreation and follow a road policy that meets the needs of Americans and protects the environment. In other words, we must do more to sustain and restore the fabric of the whole landscape. To carry out this agenda, the budget proposes a 27 percent increase in watershed improvements, a 16 percent increase in recreation, and we are putting into effect an 18 month moratorium on the construction of new roads in the currently un-roaded areas of most national forests while we revamp the management of our national forest road system.

Natural Resources Conservation Service (NRCS) — Clean Water Action Plan

We need to continue on the President's Clean Water and Watershed Restoration Initiative. The 2000 budget should include funding for NRCS to support the recently published Clean Water Action Plan (CWAP) which emphasizes a locally led, voluntary approach to preventing pollution from agriculture. A key aspect of the CWAP deals with implementing a unified national strategy to reduce the environmental and public health impacts of Animal Feeding Operations (AFO's). NRCS technical and financial assistance will be critical in ensuring that the voluntary component of the National AFO strategy is successfully implemented. The budget proposes to address this critical workload through increases in the Conservation Technical Assistance Program and the Watershed and Flood Prevention Program and through the ongoing Environmental Quality Incentives Program.

Also, included in the CWAP, the Administration wants to achieve a net increase in the number of acres of wetlands and proposes to accomplish this primarily through enrollment in the Wetlands Reserve Program (WRP). Current budget projections indicate that WRP will reach its 975,000 acre statutory enrollment limitation in 2000. The budget request extends the annual WRP enrollment by 50,000 acres which will help meet the Administration's clean water goals and ensure a net gain in restored wetlands.

Rural Development -- Distance Learning and Telemedicine

This Administration believes that the information superhighway is crucial to rural development and recognizes that the Federal Government, in partnership with the private sector, has an important role to play in ensuring that rural Americans have full access to those resources.

In the last 4 years of the Distance Learning Program and Telemedicine Program, approximately 704 rural schools and education center schools and 500 rural medical facilities have been linked to (schools:) libraries, training centers, vocational schools, and (rural medical centers:) urban medical centers for clinical interactive video consultation, distance training, access to medical expertise, and management and transport of patient information.

These achievements have made primarily through the awarding of highly competitive grants, for which the 2000 budget provides \$15 million. In

order to accelerate the program, the Administration has been working to establish a loan program to complement these grants. To date only a few such loans have been made, but now that the program is in place, the level of loans provided is expected to increase to \$150 million in 1999 and the 2000 budget provides for the continuation of the program at that level. Accordingly, the number of schools receiving distance learning facilities is expected to be increase by 450 percent, while the number of health care providers receiving such assistance is expected to be increased by over 1600 percent.

Water 2000

2.4 million people in rural America do not have access to safe drinking water and 800,000 have no running water whatsoever. Through the President's Water 2000 Initiative, USDA is continuing its progress in providing safe, affordable water to rural households.

The program is funded in 1999 and will continue to be funded under the 2000 budget at a level which, each year, will provide safe, affordable drinking water to about 500,000 rural residents who previously did not have such service. Including those served by systems that will be improved, the program will serve, each year, about 800,000 rural residents through water systems and about 400,000 rural residents with waste disposal systems.

UNITED STATES DEPARTMENT OF AGRICULTURE
FY 2000 Budget Request
President's Food Safety Initiative
(Dollars in Thousands)

	<u>1998</u> <u>Appropriated</u>	<u>1999</u> <u>Budget</u>	<u>1999</u> <u>Omnibus Bill a/</u>	<u>2000</u> <u>Budget</u>
Department of Agriculture:				
Food Safety and Inspection Service	\$1,065	\$11,347	\$16,467	\$3,036
Agricultural Research Service	5,202	13,970	12,370	10,100
Cooperative State Research, Education, and Extension Service	2,531	11,000	16,000	2,635
Foreign Agricultural Service	0	0	0	1,000
National Agricultural Statistics Service	0	0	0	2,500
Office of the Chief Economist	9	98	98	0
Economic Research Service	0	906	453	0
Food and Nutrition Service	0	2,000	2,000	0
Agricultural Marketing Service	<u>0</u>	<u>6,257</u>	<u>2,831</u>	<u>0</u>
Total, Food Safety Initiative	<u>8,807</u>	<u>45,578</u>	<u>50,219</u>	<u>19,271</u>

a/ The conference report accompanying the 1999 Omnibus Appropriations Act (the Act) identified the amount of funding made available in the Act for the President's Food Safety Initiative. USDA is currently evaluating the Act to determine the final allocation of funds for the President's Food Safety Initiative.

UNITED STATES DEPARTMENT OF AGRICULTURE
FY 2000 Budget Request
President's Food Safety Initiative

Background:

- For the third consecutive year, the Department of Health and Human Services (HHS) and the Department of Agriculture (USDA) have coordinated a multi-agency effort to improve the safety of the Nation's food supply. This cooperative approach maximizes the use of Federal resources to achieve the greatest improvements in food safety.
- The May 1997 report to the President, entitled Food Safety from Farm-to-Table: A National Food Safety Initiative, recognized foodborne illness as an emerging public health hazard that required aggressive Government action.
- The May 1997 report proposed a farm-to-table food safety strategy for addressing critical gaps in the food safety system for controlling or eliminating foodborne pathogens from the food supply and proposed a strategy for closing those gaps. This strategy has been the basis for the President's Food Safety Initiative for 1998 and 1999.

1998 and 1999 Budgets:

- The 1998 and 1999 budgets included additional funding to address the need for critical new investment in the food safety system as identified in the May 1997 report.
- The 1998 appropriation provided USDA an increase of \$8.8 million to enhance surveillance of foodborne disease outbreaks and better coordinate our response to outbreaks; to target important new research and risk assessment to build a scientific base for the food safety system; to expand food safety education activities; and to provide training to State and local public health officials.
- The 1999 President's budget request included an increase of \$45.6 million for USDA. The Omnibus Appropriations Act for 1999 provides USDA \$50.2 million for the initiative.
- For 1999, USDA will build on gains made in 1998, and places increased emphasis on ensuring the safety of domestic and imported fresh produce; targets food safety education; transforms meat and poultry inspection to Hazard Analysis and Critical Control Point (HACCP) systems; and develops scientific information and tools to control a greater range of food safety hazards. These activities have laid the foundation for building a strong, scientific base for a farm-to-table food safety system that addresses a broad range of food safety hazards.

2000 Budget Request for USDA:

- For 2000, USDA and HHS are proposing an increase of \$86.2 million above the 1999 President's budget request for the President's Food Safety Initiative. Of this amount, \$19.3 million is allocated to USDA and \$66.9 million to HHS.

For USDA, the 2000 budget includes increases above the 1999 President's budget request for the following activities:

- \$3.0 million for the Food Safety and Inspection Service to: strengthen Federal-State partnerships that will facilitate the interstate shipment of State inspected meat and poultry products; conduct dose-response studies needed for quantitative risk assessments; improve the agency's response to outbreaks of foodborne illness; and maintain consumer education programs.
- \$10.1 million for the Agricultural Research Service to: extend risk assessment modeling to include the production or pre-harvest phase; expand research in antimicrobial resistance for the development of new pathogen prevention/intervention technologies; initiate research that will lead to a better understanding of how the use of antibiotics in food-producing animals increases the risk of emergence of micro-organisms that are resistant to specific antibiotics; develop effective methods to handle and treat manure during production to prevent transmission of pathogens to agricultural lands and to crops used for human food; and develop enhanced food safety procedures for use during food handling, distribution and storage.
- \$2.6 million for the Cooperative State Research, Education, and Extension Service to support food safety activities that will improve: detection methods for the most prevalent pathogens; the effectiveness of best management practices interventions in the production setting related to control of antibiotic usage in food; and the integration of research and education in food safety through technology transfer and through the development of educational programs that focus on the adoption of recommended food handling practices consistent with the research findings.
- \$1.0 million for the Foreign Agricultural Service to facilitate visits of U.S. investigators and scientists to visit foreign operations to ascertain the source of problems that may pose a safety hazard in produce imported into the U.S. In addition, FAS will facilitate the development of international research, education and training programs.
- \$2.5 million for the National Agricultural Statistics Service to conduct a survey of fruit and vegetable growers and packinghouse handling practices with regard to food safety. Survey data reported by producers would inform domestic and international data users on U.S. grower food safety practices.